



**FORTIS BANK nv-sa**

(INCORPORATED AS A PUBLIC COMPANY WITH LIMITED LIABILITY (NAAMLOZE VENNOOTSCHAP/SOCIÉTÉ ANONYME) UNDER THE LAWS OF BELGIUM, ENTERPRISE NO. 0403.199.702 , REGISTER OF LEGAL ENTITIES OF BRUSSELS)

AND

**FORTIS LUXEMBOURG FINANCE S.A.**

(INCORPORATED AS A SOCIÉTÉ ANONYME UNDER THE LAWS OF THE GRAND DUCHY OF LUXEMBOURG REGISTERED WITH THE LUXEMBOURG REGISTRY OF COMMERCE AND COMPANIES UNDER NO. B 24,784)

UNCONDITIONALLY\* AND IRREVOCABLY GUARANTEED BY  
**FORTIS BANK nv-sa**

**EUR 15,000,000,000**  
**EURO MEDIUM TERM NOTE PROGRAMME**

*FORTIS BANK nv-sa and Fortis Luxembourg Finance S.A. are part of Fortis*

Under this Euro Medium Term Note Programme (the "**Programme**"), FORTIS BANK nv-sa ("**Fortis Bank**") and FORTIS LUXEMBOURG FINANCE S.A. ("**Fortis Luxembourg**") and together with Fortis Bank, the "**Issuers**" and each an "**Issuer**") may, from time to time, issue Euro Medium Term Notes (the "**Notes**"), subject to compliance with all relevant laws, regulations and directives and subject to obtaining any appropriate approval or other consents. Notes issued by Fortis Luxembourg will be guaranteed on a subordinated or unsubordinated basis by Fortis Bank nv-sa (the "**Guarantor**").

This base prospectus prepared in connection with the Programme constitutes a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**"), as revised, supplemented or amended from time to time by the Issuers and the Guarantor (the "**Base Prospectus**"). As a result, Notes issued under the Programme may be offered to the public or/and admitted to trading on a regulated market (as defined in Directive 93/22/EEC) as more fully described below and subject to the relevant implementing measures of the Prospectus Directive in the relevant Member State.

Notes issued under the Programme may be in the form of the new global note, the new format for international debt securities which will ensure compliance of the Notes with European Central Bank ("**ECB**") Standard 3 eligibility criteria for use as collateral in Eurosystem monetary operations.

A general description of the Programme can be found on page 23. The aggregate principal amount of Notes outstanding from time to time will not exceed EUR 15,000,000,000 (or the equivalent in other currencies, as calculated by reference to the aggregate principal amount of the Notes), subject to any duly authorised increase. The Notes will be issued on a continuous basis. The Notes may bear interest at a fixed or floating rate, on a variable coupon amount basis or any combination of those or may be issued on a fully discounted basis and not bear interest, and the amount payable on the redemption of Notes may be fixed or variable. The Notes may also be redeemed by delivery of shares, bonds or loans. Notes will be issued in series (each a "**Series**") having one or more issue dates and the same maturity date (if any), bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. The length of interest periods, and the rate of interest in respect thereof, may differ from the length and the rate of interest in respect of subsequent or, as the case may be, preceding interest periods. Each Series may be issued in tranches (each a "**Tranche**") on different issue dates. The specific terms of each Tranche will be set forth in a set of final terms to this Base Prospectus which is the final terms document substantially in the relevant form set out in the section entitled "**Forms of Final Terms**" on page 182 which will be completed at the time of the agreement to issue each Tranche of Notes and which will constitute final terms for the purposes of Article 5.4 of the Prospectus Directive (the "**Final Terms**").

The Issuers may redeem the Notes if certain changes in Luxembourg or Belgian taxation law occur or, if the Final Terms issued in respect of any Series so provides, in the circumstances set out in it. An Issuer and, if applicable, the Guarantor, may agree with any Dealer (as defined below) that Notes may be issued, offered to the public, and/or admitted to trading on a regulated market in a form not contemplated by the Terms and Conditions of the Notes described in this Base Prospectus, in which event a supplement to the Base Prospectus or, if appropriate, a Drawdown Prospectus (as defined below), will be submitted for approval to the relevant competent authority and will be made available.

In the case of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Moreover, an investment in Notes issued under the Programme involves certain risks. **Prospective investors and purchasers should consider the investment considerations set forth in the section entitled "Risk Factors" on page 9 as well as the selling restrictions as set out on page 175.**

This Programme has been rated by Moody's Investors Service Limited ("**Moody's**"), Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies Inc. ("**S&P**"), and Fitch IBCA. Nevertheless, some Tranches of Notes issued under the Programme may be assigned a specific rating that will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the relevant assigning rating agency. A brief explanation of the meaning of the ratings is included on page 226 of this Base Prospectus.

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive, the Luxembourg Law dated 10 July 2005 on prospectuses for securities, and any other relevant implementing legislation in Luxembourg for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date of publication of this Base Prospectus. Consequently Notes issued under the Programme may be offered to the public, in accordance with the requirements of the Prospectus Directive.

The Issuers have requested the CSSF to provide to the relevant competent authority of the Netherlands, Belgium, France, Poland and Spain respectively, with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. The Issuers reserve the right to request the CSSF to provide the competent authority of any other host Member State, in the meaning of the Prospectus Directive, with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive, such notification being accompanied by the relevant translation of the summary of this Base Prospectus, if applicable.

The Notes will be offered by the Issuers through Fortis Bank nv-sa, ABN AMRO Bank N.V., Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, BNP Paribas, CALYON, Citigroup Global Markets Limited, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International, Société Générale, The Royal Bank of Scotland plc and UBS Limited (the "**Dealers**"), which expression shall include any additional Dealers appointed under this Programme from time to time, for a specific Tranche of Notes or on an ongoing basis, and details of which in relation to each Tranche will be set forth in the relevant Final Terms. The Issuers or the Dealers may reject any offer as a whole or, subject to the terms of such offer, in part. Dealers may also purchase Notes on their own behalf. An issue of Notes may also be underwritten by two or more Dealers on a several basis only or on a joint and several basis. For further details, please refer to the section entitled "**Plan of Distribution**" on page 175.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange under the Prospectus Directive during the period of 12 months after the date of publication of this Base Prospectus. Application has been made to the AIAF Fixed Income Market ("**AIAF**"), Euronext Amsterdam N.V. ("**Euronext Amsterdam**"), Euronext Brussels ("**Euronext Brussels**"), Euronext Paris S.A. ("**Euronext Paris**") and the Warsaw Stock Exchange (*Gielda Papierów Wartościowych w Warszawie S.A.*) ("**GPW S.A.**") for Notes issued under the Programme to be admitted to listing and trading on the respective regulated markets of the AIAF in Spain, Eurolist by Euronext Amsterdam in the Netherlands, Eurolist by Euronext Brussels in Belgium, Eurolist by Euronext Paris in France and GPW S.A. in Poland. The CSSF has been requested to provide the Spanish *Comisión Nacional del Mercado de Valores* (the "**NM**"), the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"), the Belgian Banking Finance and Insurance Commission (*Commission bancaire, financière et des assurances*, the "**BFC**"), the French *Autorité des marchés financiers* (the "**AMF**") and the Polish *Komisja Papierów Wartościowych i Giełd* (the "**KPWIG**") (in their respective capacities as the relevant host Member States" (as defined below) competent authority for the purposes of the Prospectus Directive) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. However, please refer to the section entitled "**Plan of Distribution**" for a description of certain restrictions in relation to the admission to trading of certain Notes on Euronext Amsterdam. Application will also be made to the Swiss Exchange ("**SWX**") for Notes issued under the Programme to be admitted to listing and/or trading on SWX. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuers. Under the Luxembourg Law dated 10 July 2005 on prospectuses for securities, which implements the Prospectus Directive, prospectuses relating to an offering to the public or to the admission to trading on a regulated market of money market instruments with a maturity at issue of less than 12 months that also comply with the definition of securities are not subject to the approval provisions of such law and do not have to be approved by the CSSF.

Each Tranche of Notes in bearer form will, unless otherwise provided on the Final Terms, initially be represented by a temporary global Note which will be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V., ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system. Interests in temporary global Notes will be exchangeable for interests in permanent global Notes (together with any temporary global Note, the "**Global Notes**") or, if so provided in the relevant temporary Global Note, for definitive Notes in bearer or registered form after the date falling 40 days after the completion of distribution of the relevant Tranche upon certification as to non-U.S. beneficial ownership in the manner and upon compliance with the procedures described under "Summary of Provisions relating to Global Notes". Interests in a permanent Global Note will be exchangeable for definitive Notes in bearer form or registered form, in each case as described in the section entitled "**Summary of Provisions relating to Global Notes**" on page 127. In the case of Notes issued by Fortis Bank and if so provided in the relevant Final Terms, the Notes will be represented by a permanent Global Note which will be deposited on or about the issue date with the National Bank of Belgium or any successor thereto (the "**NBB**") as operator of the XN System or its custodian.

\* In the case of Junior Subordinated Notes issued by Fortis Luxembourg only, payments of principal and Interest are conditional upon the Guarantor being solvent at the time of payment and in the event of the winding-up of the Fortis Luxembourg, the Guarantor shall become the principal debtor and the Noteholders shall cease to have any rights or claims against Fortis Luxembourg, as more fully described in the section entitled "**Terms and Conditions of the Notes — Status and Guarantee**" and "**Terms and Conditions of the Notes — Events of Default**".

Arranger for the Programme  
FORTIS BANK

Dealers

ABN AMRO  
BARCLAYS CAPITAL  
CALYON CORPORATE AND INVESTMENT BANK  
FORTIS BANK  
HSBC  
LEHMAN BROTHERS  
SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

UBS INVESTMENT BANK

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.  
BNP PARIBAS  
CITIGROUP  
GOLDMAN SACHS INTERNATIONAL  
JPMORGAN  
MERRILL LYNCH INTERNATIONAL  
THE ROYAL BANK OF SCOTLAND

This Base Prospectus supersedes all previous offering circulars or base prospectuses in connection with the Programme. Any Notes issued under the Programme are issued subject to the provisions set out herein. This does not affect any Notes already issued or any Notes issued after the date of this Base Prospectus and forming a single Series with Notes issued prior to the date of this Base Prospectus. This Base Prospectus should be read in conjunction with any supplement hereto and any other documents or information incorporated herein by reference and, in relation to any Tranche of Notes which is subject to Final Terms, must be read and construed together with the relevant Final Terms.

### **Responsibility Statement**

This Base Prospectus has been prepared for the purpose of giving information with regard to the Issuers, the Guarantor, their respective subsidiaries (if any) and the Notes.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Base Prospectus. The Issuer and the Guarantor declare that, having taken all reasonable care to ensure that such is the case the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

### **Notice**

Each of the Issuers and the Guarantor have confirmed to the Dealers that this Base Prospectus (subject to being supplemented by the relevant Final Terms) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuers and, where applicable, the Guarantor and of the rights attaching to the relevant Notes.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein in the section entitled "*Terms and Conditions of the Notes*" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called Final Terms or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described in the section entitled "*Final Terms and Drawdown Prospectuses*" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

This Base Prospectus should be read and construed with any supplement hereto and with any other documents or information incorporated by reference herein and in relation to any Tranche (as defined herein) of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

Neither of the Issuers nor the Guarantor have authorised the making or provision of any representation or information regarding the Issuers, the Guarantor or the Notes other than as contained or incorporated by reference in this Base Prospectus or any Final Terms or as approved for such purpose by the Issuers or the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuers, the Guarantor or any Dealer.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change or any event reasonably likely to involve any adverse change in the prospects or financial or trading position of the Issuers or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied, or if different, the date indicated on the same.

The distribution of this Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuers, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus please refer to the section entitled "*Plan of Distribution*" on page 175 of this Base Prospectus.

Neither this Base Prospectus nor any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for or purchase, any Notes and should not be considered as a recommendation by the Issuers, the Guarantor, the Dealers or any of them that the recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers and the Guarantor.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus, nor separately verified the information contained in this Base Prospectus and none of them makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or

completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and in the relevant Final Terms, and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

The Stabilising Manager, named in the relevant Final Terms, shall comply with all relevant laws, regulations and directives. References in the next paragraph to "this issue" are to each Series in relation to which a Stabilising Manager is appointed.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to listing on the official list and to trading on a regulated market in the European Economic Area, as the case may be, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Such stabilisation shall be conducted in accordance with all applicable laws and rules.

In this Base Prospectus, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**", "**euro**" or "**€**" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to "**GBP**" or "**£**" refer to Sterling, the lawful currency of the United Kingdom, references to "**dollars**", "**U.S. dollars**", "**U.S.\$**", "**USD**" or "**\$**" refer to United States dollars, references to "**Japanese Yen**", "**Yen**", "**JPY**" and "**¥**" refer to the lawful currency of Japan, references to "**Swiss Francs**" and "**CHF**" refer to the lawful currency of Switzerland, and references to "**billions**" are to thousand millions.

## TABLE OF CONTENTS

<b>SUMMARY</b> .....	5
<b>RISK FACTORS</b> .....	9
<b>INFORMATION INCORPORATED BY REFERENCE</b> .....	19
<b>FINAL TERMS AND DRAWDOWN PROSPECTUSES</b> .....	21
<b>GENERAL DESCRIPTION OF THE PROGRAMME</b> .....	23
<b>TERMS AND CONDITIONS OF THE NOTES</b> .....	27
<b>USE OF PROCEEDS</b> .....	126
<b>SUMMARY OF PROVISIONS RELATING TO GLOBAL NOTES</b> .....	127
<b>DESCRIPTION OF FORTIS LUXEMBOURG FINANCE S.A. AS ISSUER</b> .....	131
<b>DESCRIPTION OF FORTIS BANK NV-SA, ACTING AS ISSUER OR GUARANTOR</b> .....	141
<b>TAXATION</b> .....	164
<b>PLAN OF DISTRIBUTION</b> .....	175
<b>FORMS OF FINAL TERMS</b> .....	182
<b>GENERAL INFORMATION</b> .....	233

## SUMMARY

*This summary must be read as an introduction to the base prospectus dated 29 September 2006 prepared in connection with the Euro Medium Term Note Programme and constitutes a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”), as revised, supplemented or amended from time to time by the Issuers and the Guarantor (the “**Base Prospectus**”). As a result, Notes issued under the Programme may be offered to the public or/and admitted to trading on a regulated market as more fully described in the Base Prospectus and subject to the relevant implementing measures of the Prospectus Directive in the relevant Member State.*

*Any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Such Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Fortis Bank ([www.fortisbank.com](http://www.fortisbank.com)).*

*No civil liability attaches to the Issuers or the Guarantor (as defined below) in any Member State which has implemented the Prospectus Directive solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

### 1. KEY INFORMATION ABOUT THE NOTES ISSUED UNDER THE PROGRAMME

The Notes may be issued by Fortis Luxembourg Finance S.A. (“**Fortis Luxembourg**”) or by Fortis Bank nv-sa (“**Fortis Bank**”) (each an “**Issuer**” and together the “**Issuers**”). Each of the Notes issued by Fortis Luxembourg have the benefit of a guarantee from Fortis Bank (the “**Guarantor**”). The guarantee relating to such Notes may be a senior guarantee, a senior subordinated guarantee or a junior subordinated guarantee.

The Arranger of this Euro Medium Term Note Programme is Fortis Bank. The Fiscal Agent, Principal Paying Agent and Luxembourg Listing Agent is Fortis Banque Luxembourg S.A.

The Issuers may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency. The aggregate principal amount of Notes outstanding will not at any time exceed EUR 15,000,000,000 (or its equivalent in other currencies), subject to any duly authorised increase.

The Notes may be issued in bearer form or (in the case of Notes issued by Fortis Luxembourg only) in registered form, with or without interest coupons, and in certain circumstances, in denominations of not less than EUR 1,000 (or nearly equivalent in another currency).

The Notes may be issued as unsubordinated obligations, senior subordinated obligations or junior subordinated obligations of the relevant Issuer. The Notes will have the benefit of a negative pledge and the events of default set out in the section entitled “*Terms and Conditions of the Notes*”.

The aggregate principal amount, any interest rate or interest calculation, the issue price, maturity, redemption amount, optional redemption and any other terms and conditions not contained herein with respect to each Tranche of Notes will be established at the time of issuance and set forth in the relevant Final Terms.

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law except for (i) in the case of Senior or Junior Subordinated Notes issued by Fortis Luxembourg, which shall be governed by, and construed in accordance with Luxembourg law and the Senior or Junior Guarantee of Fortis Bank which shall be governed by, and construed in accordance with Belgian law and (ii) in the case of Notes issued by Fortis Bank, Senior or Junior Subordinated Notes which shall be governed by, and construed in accordance with Belgian law. A Guarantee of Fortis Bank applicable in relation to any Senior Notes issued by Fortis Luxembourg shall be construed in accordance with English law.

A general description of the Programme can be found on page 23 of the Base Prospectus.

The distribution of the Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. Prospective investors and purchasers should consider the selling restrictions as set out on page 175 of this Base Prospectus.

## 2. ESSENTIAL CHARACTERISTICS OF THE ISSUERS AND THE GUARANTOR

### 2.1 Fortis Luxembourg

Fortis Luxembourg's object is to grant loans to companies which are members of the Fortis group and may issue bonds or similar securities, raise loans, with or without a guarantee and in general have recourse to any sources of finance. Fortis Luxembourg is incorporated as a *société anonyme* under the Laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Registry of Commerce and Companies under N° B24784. Fortis Luxembourg's registered office is at 65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg.

Fortis Luxembourg's issued and authorised share capital at 31 December 2005 is EUR 500,000 represented by 20,000 ordinary shares with a nominal value of EUR 25 each, which are fully paid-up. Fortis Luxembourg has no other classes of shares.

Fortis Luxembourg is part of Fortis and acts as a financing vehicle of the such group. Fortis Bank holds 99.995 per cent, of Fortis Luxembourg's shares.

Fortis Luxembourg has no subsidiaries and therefore its financial statements are produced on an unconsolidated basis.

### 2.2 Fortis Bank

Fortis Bank is a public company with limited liability (*naamloze vennootschap/société anonyme*) under Belgian law and its registered office and headquarters are based in Brussels, Montagne du Parc 3. Fortis Bank was established for an indefinite period. Fortis Bank is registered in the Register of Legal Entities of Brussels under the number 0403.199.702.

As stated in article 3 of its Articles of Association, Fortis Bank's object is to carry on the business of a credit institution, including brokerage and transactions involving derivatives. It is free to carry out all businesses and operations which are directly or indirectly related to its purpose or which are of a nature that benefit the realisation thereof. Fortis Bank is free to hold shares and share interests within the limits set by the legal framework for banks.

Fortis Bank and its subsidiaries "regrouped" the banking activities of the Fortis group ("**Fortis**"), an integrated financial services provider active in the fields of banking and insurance. Fortis offers its private, business and institutional customers a comprehensive package of products and services through its own distribution channels, in cooperation with intermediaries and via distribution partners. Its multi-channel distribution strategy gives Fortis the flexibility to meet its customers' need to be reachable at all times and their demand for user-friendliness.

Fortis Bank combines the banking activities of Fortis and operates on a cross-border basis. Its organisation is centred around 3 businesses:

- Retail Banking, providing financial services to retail customers, self-employed, professionals and small businesses;
- Commercial & Private Banking, providing medium-sized enterprises active cross-border services with a full range of financial services and offering integrated worldwide assets and liability management solutions to private clients, their businesses and their advisers;
- Merchant Banking, offering tailored investment and financing solutions to Fortis' institutional and corporate clients.

Each business comprises several business lines which, in turn, group together activities focusing on a specific customer segment.

Moreover, the businesses are able to rely on two critical support functions. The CFO Office is tasked with tracking and reporting on the financial performance of our businesses. The COO Office, covering all the cross-business functions (Operations, Information Services & Technology, Human Resources, Facility Management & Purchasing, Legal & Compliance, and Risk Management), helps the businesses grow in a controlled way by providing them with efficient and easy to roll out support platforms, combined with risk management and compliance functions.

In accordance with the principle of autonomy of the banking function, the decision-making and management structure of Fortis Bank is based on a distinction between the Management Committee and the Board of Directors.

The management of the activities of Fortis Bank is the exclusive responsibility of the Management Committee, which consists of a number of managing directors and operates within the framework of the general policy outlined by the Board of Directors.

The Board of Directors is responsible for the supervision of the management and control of the financial position of Fortis Bank, and for defining the general policy and holds the power to nominate and discharge the members of the Management Committee within the limits of the Protocol on banking autonomy.

All matters not determined by law or the articles of association for the General Shareholders Meeting are the responsibility of the Board of Directors or the Management Committee.

There have been no recent events particular to Fortis Bank which are to a material extent relevant to the evaluation of Fortis Bank's solvency.

Fortis Bank is part of Fortis, which comprises Fortis SA/NV and Fortis N.V., and their respective subsidiaries ("**Fortis group**" or "**Fortis**"). Fortis Bank is approximately 100 per cent. owned by Fortis SA/NV and Fortis N.V.

Fortis is an international provider of banking and insurance services to personal, business and institutional customers. The company delivers a total package of financial products and services through its own high-performance channels and via intermediaries and other partners.

Fortis' retail banking operations are the market leader in the Benelux region – one of Europe's wealthiest. Building on that leadership, Fortis has developed an integrated, continent-wide network to serve internationally active enterprises. The same, unique skill-set also provides high net worth individuals, enterprises and entrepreneurs with advanced financial services tailored to their specific needs. Fortis' unmatched expertise has made it a regional and, in some cases, global leader in niche markets such as fund administration, export and project finance, shipping and commodities. Fortis successfully combines its banking and insurance skills in growth markets in Europe and Asia, and it leads the market in bancassurance in Spain and Portugal.

Fortis ranks among Europe's top 20 financial institutions, with a market capitalisation of EUR 38.7 billion (as at 30 April 2006). With excellent solvency, a presence in 50 countries and a dedicated, professional workforce of 57,000, Fortis combines global strength with local flexibility.

There are no conflicts of interest on the part of the members of Fortis Luxembourg or Fortis Bank's administrative, management or supervisory bodies in relation to their duties to Fortis Luxembourg or Fortis Bank, respectively, and their private interests.

### **3. RISK FACTORS**

An investment in Notes issued under the Programme involves certain risks. **Prospective investors and purchasers should in particular and among other things consider the investment considerations set forth in the section entitled "*Risk Factors*" on page 9 of the Base Prospectus.**

#### **3.1 Risk Factors relating to the Issuers and the Guarantor**

The following is a summary of some of the investment considerations relating to the business of Fortis:

- (a) As part of the financial services industry, Fortis faces substantial competitive pressures which could adversely affect Fortis' results of operations.
- (b) Market conditions can adversely affect Fortis' results.
- (c) Securities market volatility or downturns can adversely affect Fortis' banking, asset management and insurance activities.
- (d) Volatility in interest rates may adversely affect Fortis' insurance, banking and asset management businesses.
- (e) Asset illiquidity can adversely affect Fortis' business.
- (f) While Fortis manages its operational risks, these risks remain an inherent part of all of Fortis' businesses.
- (g) Fortis' insurance business is subject to risks concerning the adequacy of its technical provisions to cover future losses and benefits.
- (h) Fortis has significant counterparty risk exposure.
- (i) Catastrophic events, terrorist attacks and other acts of war could have a negative impact on Fortis' business and results.
- (j) Fortis' results of operations can be adversely affected by significant adverse regulatory developments including changes in tax law.
- (k) The financial statements of Fortis Bank when prepared in accordance with International Financial Reporting Standards (including International Accounting Standards and Interpretations) issued by the International Accounting Standards Board as at 31 December 2005, and as endorsed by the European Commission for financial reporting ("**IFRS**"), will impact the financial results of Fortis Bank nv-sa as they differ in significant respects from GAAP in accordance with Belgian law.

### **3.2 Risk Factors relating to Notes issued under the Programme**

**An investment in Notes linked to an index, exchange rate, reference rates, shares, securities, or any other underlying entails significant risks not associated with a similar investment in fixed or floating rate debt securities.**

Application has been made for the Notes issued under the Programme to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. However, Notes may also be issued under the Programme whereby they will be admitted to listing, trading and/or quotation by other stock exchanges, listing authorities and/or quotation systems, or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

The Notes shall be accepted for clearing through one or more clearing systems as specified in the relevant Final Terms. Global Notes are to be held by or on behalf of the clearing systems and therefore, potential investors will have to rely on the clearing system procedures for transfer, payment and communications with the Issuer.

The Notes may be redeemed prior to maturity at par or at such other Redemption Amount as may be specified in the relevant Final Terms.

There is at the time of issue no active trading market for the Notes unless, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued and for which there is such a market.



## RISK FACTORS

*Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Notes involves certain risks. In addition, the purchase of certain Notes may involve substantial risks and be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Instruments. Prospective investors should make such inquiries as they deem necessary without relying on the Issuer or any dealer and should consult with their financial, tax, legal, accounting and other advisers, prior to deciding to make an investment in the Notes. Prospective investors should consider, among other things, the following:*

### **1. RISK RELATING TO THE NOTES**

#### **1.1. GENERAL RISK RELATING TO THE NOTES**

##### **(a) *There is no active trading market for the Notes.***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuers and the Guarantor. Although application has been made for the Notes issued under the Programme to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

##### **(b) *The Notes may be redeemed prior to maturity.***

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that an Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Belgium or Luxembourg or any political subdivision thereof or any authority therein or thereof having power to tax, the relevant Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the relevant Issuer's option in certain other circumstances such Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

##### **(c) *Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer and/or (in the case of Notes issued by Fortis Luxembourg) the Guarantor.***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or, the NBB in the case of Notes issued by Fortis Bank where the relevant Global Note is deposited with the NBB as operator of the X/N System. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg or the NBB, as the case may be will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg or the NBB, as the case may be.

While the Notes are represented by one or more Global Notes the relevant Issuer and (in the case of Notes issued by Fortis Luxembourg) the Guarantor will discharge their payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg or the NBB, as the case may be for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg or the X/N System, as the case may be, to receive payments under the relevant Notes. The Issuers and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg or the NBB, as the case may be to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Finally, the relevant Issuer's and the Guarantor's credit ratings may not reflect the potential impact of the various risks that could affect the market value of the Notes. Accordingly, prospective investors should consult their own financial and legal advisers as to the risks an investment in the Notes may entail and the suitability of the Notes in light of their particular circumstances.

**(d) Taxation.**

Potential investors of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing Notes and receiving payments of interest, principal and/or other amounts or delivery of securities under the Notes and the consequences of such actions under the tax laws of those countries.

**(e) The Notes or the Guarantees may be subordinated to most of the Issuers' and the Guarantor's liabilities.**

If the relevant Issuer or the Guarantor is declared insolvent and any applicable winding up, bankruptcy, insolvency or other similar or analogous proceedings are initiated, such Issuer or the Guarantor (as the case may be) will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors and depositors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant subordinated Notes. If this occurs, the relevant Issuer or Guarantor (as the case may be) may not have enough assets remaining after these payments to pay amounts due under the Notes or the Guarantees (as the case may be).

**(f) Credit Rating.**

The credit rating of a Tranche of Notes (if any) will be provided in the relevant Final Terms. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings described herein. A security rating is not a recommendation to buy, sell or hold securities, and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

## **1.2. RISK RELATING TO PARTICULAR NOTES**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, *inter alia*, the provisions for computation of periodic interest payments, if any, redemption and issue price.

**(a) Notes subject to optional redemption by the Issuer**

If in the case of any particular Tranche of Notes the Final Terms specifies that the Notes are redeemable at the Issuer's option in certain circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

**(b) Fixed Rate Notes**

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

**(c) Floating Rate Notes**

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the Final Terms) of the reference rate (e.g. every three months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

**(d) Inverse Floating Rate Notes**

Investments in Notes which bear interest at an inverse floating rate comprise (i) a fixed base rate minus (ii) a reference rate. The market value of such Notes typically is more volatile than the market value of floating rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

**(e) Fixed to Floating Rate Notes**

Fixed to floating rate Notes initially bear interest at a fixed rate. Conversion from a fixed rate to a floating rate then takes place either automatically or at the option of the Issuer (if certain predetermined conditions are met or at the sole discretion of the Issuer). The conversion (whether automatic or optional) of the interest rate will affect the secondary market and the market value of the Notes since the conversion may lead to a lower overall cost of borrowing. If a fixed rate is converted to a floating rate, the spread on the fixed to floating rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes.

**(f) Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

**(g) Variable rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

**(h) Variable rate Notes**

**(i) General**

Prospective purchasers of the Notes are warned that interest, may be affected by, inter alia, the value of the underlying. Prospective purchasers of the Notes should make their own independent evaluation of the risks associated with an investment in the Notes. The kind of Notes mentioned below is only a part of the variable rate structures that can be issued under the Programme.

**(ii) Snowball Notes**

Interest is generally payable annually in arrear. At the end of the first Interest Period, investors shall receive a gross coupon of a fixed rate per annum, payable on the first Interest Payment Date.

Thereafter, for the period from, and including, the first Interest Payment Date to, but excluding the Maturity Date, the Notes will bear interest according to a formula which is dependant on the evolution of a reference rate (e.g. the 12 month EURIBOR).

The formula is composed of the interest rate paid at the previous Interest Payment Date plus a predetermined additional output which grows every year minus the reference rate.

The value of this variable rate mechanism is included in the pricing of the Notes (determination of the conditions, level of the first fixed rate).

**(iii) Thunderball Notes**

Interest is generally payable annually in arrear. At the end of the first Interest Period, investors shall receive a gross coupon of a fixed rate per annum, payable on the first Interest Payment Date.

Thereafter, for the period from, and including, the first Interest Payment Date to, but excluding the Maturity Date, the Notes will bear interest dependant on the quotations of a reference rate as more fully specified under the formula mentioned in the relevant Final Terms. Therefore, the quotations will affect the interest payable on the relevant Interest Payment Date.

The formula is a percentage of the interest rate paid at the previous Interest Payment Date minus the reference rate. The Interest Rate applicable for each Interest Period, such rate being determined in accordance with the formula, will be of a maximum fixed rate per annum.

**(iv) Range Accrual Notes**

The Notes will bear interest dependant on the daily evolution of a reference rate (e.g. the 12 month EURIBOR) during the entire interest period preceding the interest payment date, compared to a reference range. The interest rate will be calculated on the basis of the number of calendar days or business days for which the reference rate is at or within the reference range. The reference range can be fixed or not.

The formula to determine the interest rate is a percentage times the number of calendar days or business days in the interest period for which the reference rate is at or within the reference range on the total number of calendar days or business days in the Interest Period.

(v) **CMS Linked Notes**

The interest on the Notes is linked to (i) the performance of the 10 year Euro Constant Maturity Swap (CMS) Rate and (ii) the development of the difference between such rate (“**EUR 10 Yr CMS**”) and the 2 year Euro Constant Maturity Swap Rate (“**EUR 2 Yr CMS**”). Both rates give an indication of the rates at which banks are prepared to lend to each other in the interbank market for the relevant period. Generally speaking, the 10 year rate is supposed to be higher than the 2 year rate because of the longer time horizon and the higher risk associated therewith. The interest on the Notes will depend on, *inter alia*, the difference between the two rates. The higher the difference observed between the two rates (i.e. the 10 year rate minus the 2 year rate) is *greater*, the higher the interest on the Notes will be. The Interest Rate applicable for each Interest Period, will be of a minimum percentage per annum and of a maximum percentage per annum.

Any historical information regarding rates does not necessarily constitute an indication as to the future performance of the relevant rate.

(vi) **TARGET Redemption Notes**

Interests are payable annually in arrears. At the end of the first year, the investor will receive a fixed gross coupon. Afterwards, during the succeeding Interest Periods, the investor will receive a gross yearly coupon with a variable rate, the calculation of which will be based on a formula taking into account the evolution of a reference (e.g. the 12 months EURIBOR rate in Euro). The Final Coupon will be equal to an amount (expressed as a percentage) representing a certain percentage (as specified in the relevant Final Terms) of the nominal value minus the total value of the gross coupons already paid.

As soon as the sum of the paid gross coupons reaches a certain percentage of the nominal value of the Notes, the Notes will be automatically redeemed.

(i) **Index-Linked Notes**

(i) **General**

An investment in Notes linked to an index, exchange rate, reference rates, securities, or another underlying entails significant risks not associated with a similar investment in fixed or floating rate debt securities.

An investment in Notes, the terms of which provide that the principal, premium, if any, and/or interest payable and/or securities deliverable, is linked to one or more currencies or composite currencies (including exchange rates and swap indices between currencies or composite currencies), commodities, securities, basket of securities or securities indices, interest rates or other indices (together, the “**indices**”), either directly or inversely (the “**indexed Notes**”), entails significant risks that are not associated with investments in a conventional fixed rate or floating rate debt security.

These risks include the possibility that an index or indices may be subject to significant changes, that the resulting interest rate will be less than that payable on a conventional fixed or floating rate debt security issued by the relevant Issuer at the same time, that the repayment of principal and/or premium, if any, and/or delivery of securities can occur at times other than that expected by the investor, that, in certain circumstances, the Notes may cease to bear interest and that prospective investors, could lose all or a substantial portion of their investment, if any, payable on the maturity date. These risks depend on a number of interrelated factors, including economic, financial and political events, over which the relevant Issuer has no control.

Additionally, if the formula used to determine the amount of principal, premium, if any, and/or interest payable and/or securities deliverable with respect to such Notes contains a multiplier or leverage factor, the effect of any change in the applicable index or indices will be magnified. In recent years, values of certain indices have been highly volatile; such volatility in the past is not necessarily indicative, however, of fluctuations that may occur in the future.

Index-linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the Holder of Notes and may even be zero in which case the Holder of Notes may lose his entire investment.

Index-linked Notes are not in any way sponsored, endorsed, sold or promoted by the index sponsor or the respective licensor of the index and such index sponsor or licensor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time. Each index is determined, composed and calculated by its respective index sponsor or licensor, without regard to the Issuer or the Notes. None of the index sponsors or licensors is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in determination or calculation of the equation by which the Notes settle into cash. None of the index sponsors or licensors has any obligation or liability in connection with the administration, marketing or trading of the Notes. The index sponsor or licensor of an index has no responsibility for any calculation agency adjustment made for the index.

None of the Issuer, Dealer(s) or any of their affiliates makes any representation as to an index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of index-linked Notes. The issue of index-linked Notes will not create any obligation on the part of any such persons to disclose to the Holders of Notes or any other party such information (whether or not confidential).

In addition, certain Notes may be designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and experience more price volatility than conventional debt securities. Prospective investors may not be able to sell such Notes readily or at prices that will enable them to realise their anticipated yield. Prospective investors should not purchase such Notes unless they understand and are able to bear the risks that such Notes may not be readily saleable, that the value of such Notes will fluctuate over time and that such fluctuations may be significant.

(ii) **Performance Notes**

The Final Redemption Amount of each Note is linked to the evolution of an Index (e.g. the Dow Jones Euro Stoxx 50<sup>SM</sup>). The Redemption Amount will at least equal to the Principal Amount.

The main data of the formula used to determine Final Redemption Amount is the sum of the monthly performances of the Index over a certain period (e.g. 2 years), a certain number of highest monthly performances (e.g. 5) not being taken into account, as specified in the relevant Final Terms.

(iii) **Inflation Linked Notes**

The Final Redemption Amount will be the principal amount of each Note multiplied by the evolution of the inflation index as defined in the relevant Final Terms during the period specified in the relevant Final Terms.

(j) **Equity Linked Notes**

(i) **General**

The interest amount and/or the redemption amount is linked to the evolution of a share or of a basket of shares. An investment in these Notes entails significant risks not associated with a similar investment in fixed or floating rate debt securities. An investment in equity-linked Notes may bear similar market risks to a direct equity investment and investors should take advice accordingly.

(ii) **Swing Notes**

Interest is generally payable annually in arrears at a variable rate of interest equal to the percentage of the smallest yearly performance in absolute value among a number of shares of a basket (the "**Shares**") with a minimum percentage per annum. The Notes will be reimbursed at their nominal amount at maturity.

An investment in the Notes is not the same as an investment in any or all of the Shares or an investment which is linked to an index reflecting the prices of each of the Shares. These Notes are meant for investors who believe in the volatility of the price of the Shares in the basket.

The Notes involve complex risks, which include, among other things, Share price risks, credit risks, interest rate risks and risks related to the liquidity of the Notes.

The Shares are specified in the relevant Final Terms and are subject to adjustments or replacements as provided in the terms and conditions and in the Final Terms.

(k) **Credit Linked Notes**

(i) **General**

Investment in the Notes is directed at institutional investors who are conversant with the considerable risks involved in credit derivatives, who are willing to assume such risks, and who can absorb a partial or complete loss of principal and interest. The Notes carry various risks including, without limitation, the insolvency risk of the relevant Issuer and the Guarantor, if any, and the insolvency, payment default and credit risk of the Reference Entities.

The Notes are linked to a notional structured credit default swap transaction and in particular to the occurrence of one or more Credit Events (as further described in the Final Terms and the Notional Credit Default Swap) with respect to a portfolio of companies comprising Reference Entities (the "**Reference Portfolio**") under the Notional Credit Default Swap. If one or more Credit Events occur in relation to the Reference Entities, the amount of principal to be redeemed under the Notes upon maturity or early redemption and the amounts of interest under the Notes payable until maturity and early redemption is highly likely to be reduced. Accordingly,

the amount payable to investors on redemption may be substantially less than the initial principal amount of the Notes and may even be zero.

Consequently, each prospective purchaser of the Notes should understand that the Notes are not principal or coupon guaranteed and it may lose, in part or in whole, amounts invested in the Notes, for instance, but not limited to, as the result of a Credit Event occurring with respect to one or more Reference Entities. You should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.

In the case of Credit Linked Notes with a physical settlement, holders may receive in lieu of any payment of principal, certain securities of the reference entities which may have a market value substantially less than that of the initial investment of such holder. Prospective investors should note that they may be required to take delivery of these securities and should ensure that they have the capacity to receive such obligations on purchasing the Notes.

Investors in the Notes have to make their own analysis as to the suitability of investment in the Notes, the terms and conditions of which are set out in the relevant Final Terms, and may not rely on any prior representations made which would not be in accordance with the information described in the relevant Final Terms.

(ii) **Limited liquidity of Credit Linked Notes**

There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Notes.

No person has granted any undertaking to provide any secondary market for the Notes.

Consequently, any purchaser of the Notes must be prepared to hold the Notes for an indefinite period of time or until final redemption or maturity of the Notes. The purchase of the Notes is only suitable for investors who can bear the risks associated with a lack of liquidity in the Notes.

(iii) **Conflicts of interest, Fortis Bank nv-sa**

Potential investors should pay attention to the fact that Fortis Bank nv-sa is arranger, Issuer or Guarantor, Calculation Agent, protection buyer under a credit default swap similar to the Notional Credit Default Swap in relation to an identical Reference Portfolio (in such capacity, the "**Credit Default Swap Counterparty**"), and is underwriting the issue of the Notes, so that various potential and actual conflicts of interest may arise. In order to mitigate the occurrence of such conflicts of interest, Fortis Bank nv-sa, when acting in its various capacities in connection with the issue of the Notes, shall comply with the standards of conduct applicable generally to banks in Belgium, as applied by Fortis Bank nv-sa's internal compliance procedure. Fortis Bank nv-sa acting in such capacities shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

In case of the occurrence of a conflict of interest as described above, the Credit Default Swap Counterparty shall not be obliged to give priority to the interests of the Issuer. For the avoidance of doubt, the Credit Default Swap Counterparty shall be under no obligation to prioritise the Issuer over any other issuer involved in its commercial arrangements outside the arrangements relating to the Notes.

As Calculation Agent in respect of the Notes and the Notional Credit Default Swap, Fortis Bank nv-sa acts solely as agent of the Issuer and as Guarantor (in case of Notes issued by Fortis Luxembourg Finance S.A.) and it does not assume any obligation, relationship of agency, trust or other responsibility toward the Noteholders. Therefore, potential conflicts of interest may exist between the Calculation Agent and the Noteholders, including with respect to certain determinations and judgments that the Calculation Agent may make under the Conditions and the Notional Credit Default Swap, which may influence the amount receivable upon redemption of the Notes and the amount of interest receivable.

As Calculation Agent, Fortis Bank nv-sa make certain determinations and judgments in good faith and in a commercially reasonable manner. Such determinations and judgments including the valuation of a Credit Event on a Reference Entity, which will affect the outstanding notional amount under the Notional Credit Default Swap. Consequently, this valuation will impact the calculation of the coupon and the redemption amount. The interests of Fortis Bank nv-sa as Credit Swap Counterparty do not correspond with and can be opposite to the interests of the Noteholders.

(iv) **Conflicts of Interest, Fortis Luxembourg Finance S.A.**

In case of Notes issued by Fortis Luxembourg Finance S.A., the Issuer may from time to time enter into credit default swap agreements with Fortis Bank nv-sa or other counterparties. The Issuer may issue further credit linked notes, involving the same, similar or other Reference Entities.

(v) **Independent review and advice**

Each prospective purchaser of Notes must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, the Guarantor, any Reference Entity and the terms of the Notional Credit Default Swap) and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, whether an investment in the Notes is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with its articles of association and with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Neither the relevant Final Terms, any other parts of the Base Prospectus nor any other information supplied in connection with any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation by the Issuer, the Guarantor or any other person that any recipient of the Final Terms, any other part of the Base Prospectus or any other information supplied in connection with any of them should purchase any Notes.

In case of any doubt about the content or the meaning of the Final Terms, the functioning of the Notes or about the risk involved in purchasing the Notes, investors should consult a specialised financial adviser or abstain from investing.

Neither the Issuer, the Guarantor (if any), the Arranger, the Calculation Agent, the Credit Swap Counterparty, the Paying Agents, the Fiscal Agent or any other party makes any representation as to the credit quality of any Reference Entity. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to such Reference Entity. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any Reference Entity or conduct any investigation or due diligence into any Reference Entity.

(l) **Partly-paid Notes**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

(m) **Structured Notes in general**

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates, shares or other indices of formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates, shares or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates, shares or other indices or formulae during the term of any Note.

## **2. RISKS RELATING TO THE ISSUERS AND THE GUARANTOR**

Any investment in the Notes involves risks, including those described below. Prospective investors of Notes should carefully consider the following investment considerations and the other information in this Base Prospectus before deciding whether an investment in the Notes is suitable. If any of the following risks actually occurs, the trading price of the Notes could decline and an investor could lose all or part of its investment. Additional risks not currently known to the relevant Issuer, the Guarantor or Fortis generally or risks that the relevant Issuer, the Guarantor or Fortis generally presently deems immaterial may subsequently harm such Issuer, the Guarantor or Fortis generally and affect an investor's investment.

### **2.1 INVESTMENT CONSIDERATIONS RELATING TO THE BUSINESS OF FORTIS.**

(a) ***As part of the financial services industry, Fortis faces substantial competitive pressures which could adversely affect Fortis' results of operations.***

There is substantial competition in the Benelux and the other regions in which Fortis does business for the types of insurance, banking and asset management and other products and services which Fortis provides. Such competition is most pronounced in Fortis' core Benelux markets (38 per cent., 45 per cent. and 17 per cent. of operating result before taxation in 2003 was derived from Belgium, The Netherlands and Luxembourg, respectively) where it faces competition from companies such as ING Group, ABN AMRO Bank N.V., Aegon N.V., Rabobank, KBC Bank N.V. and Dexia. As a result, Fortis' strategy is to maintain customer loyalty and retention

which can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and claims-paying ratings and actions taken by competitors. If Fortis is unable to compete with attractive product and service offerings that are profitable, Fortis may lose market share or incur losses on some or all activities.

Competition in the financial services industry is affected by the high level of consolidation, both at a national and an international level, in the markets in which Fortis operates as well as the emergence of alternative distribution channels for many of the products Fortis offers. Consumer demand, technological changes, regulatory actions and other factors also affect competition. The implementation of the euro also resulted in increased cross-border competition.

Competitive pressures could result in increased pricing pressures on a number of Fortis' products and services, particularly as competitors seek to win market share, and may harm Fortis' ability to maintain or increase profitability.

**(b) *Market conditions can adversely affect Fortis' results.***

Each of Fortis' business segments is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These conditions include economic cycles such as insurance industry cycles, particularly with respect to non-life insurance, financial market cycles, including volatile movements in market prices, and banking industry cycles. The non-life insurance industry cycles are characterised by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses. Fluctuations in interest rates and exchange rates, monetary policy, consumer and business spending, demographics and changes with respect to mortality, particularly with respect to life insurance, and competitive and other factors also influence Fortis' performance. As a result of changing market conditions and the influence of financial and industry cycles, Fortis' results of operations are subject to volatility that may be outside the control of Fortis. In particular, Fortis' merchant banking, securities trading and brokerage activities income and profit or loss before taxation may vary significantly from year to year *depending on market conditions*.

**(c) *Securities market volatility or downturns can adversely affect Fortis' banking, asset management and insurance activities.***

Market volatility and overall declines in market indices can negatively affect Fortis' merchant banking, securities trading, brokerage, asset management and insurance activities. Volatility and declines in market indices can reduce unrealised gains in Fortis' various portfolios, the excess solvency margin of its insurance subsidiaries, or the demand for some of its banking, asset management or insurance products. However, a further protracted or another steep decline in the stock or bond markets would adversely affect investments, could reduce market liquidity, and would likely further reduce the popularity of products linked to financial assets. Market downturns and high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters, or other similar events.

**(d) *Volatility in interest rates may adversely affect Fortis' insurance, banking and asset management businesses.***

Fluctuations in interest rates affect the returns Fortis earns on fixed interest investments. Interest rate changes also affect the market values of, and the amounts of capital gains or losses Fortis takes on the fixed interest securities it holds. Over the past several years, movements in short and long-term interest rates have affected Fortis' net interest income and how much and when Fortis recognised gains and losses on securities held in its investment portfolios.

While Fortis reduces the impact of interest rate fluctuations on its life insurance business by transferring interest rate exposure to some policyholders through product design, Fortis' insurance business can be adversely affected by sustained low interest rates as well as certain interest rate movements. In particular, the profitability of spread-based insurance products depends in large part upon the ability to manage interest rate spreads and the credit and other risks inherent in the investment portfolio. In addition certain of Fortis' traditional life insurance products provide for guaranteed returns. Although the impact of such guarantees on results of operations will be spread out over a period of years in a sustained low-interest rate environment, such guarantees may also affect profitability. There can be no assurance that Fortis will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low rates or interest rate changes.

The results of Fortis' banking operations are affected by its management of interest rate sensitivity.

Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. The composition of Fortis banking assets and liabilities, and any gap position resulting from the composition, causes the banking operations' net interest income to vary with changes in interest rates. In addition, variations in interest rate sensitivity may exist within the repricing periods or between the different currencies in which Fortis holds interest rate positions. A mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial condition or result from operations of Fortis' banking businesses.



**(e) Asset illiquidity can adversely affect Fortis' business.**

Liquidity risk is inherent in much of Fortis' business. Each asset purchased and liability sold has liquidity characteristics that are unique. Some liabilities are surrenderable while some assets have low liquidity such as privately placed loans, mortgages loans, real estate and limited partnership interests. Additionally, protracted market declines can reduce the liquidity of markets that are typically liquid. If, in the course of its insurance or other activities, Fortis requires significant amounts of cash on short notice in excess of anticipated cash requirements, Fortis may have difficulty selling these investments at attractive prices, in a timely manner, or both.

**(f) While Fortis manages its operational risks, these risks remain an inherent part of all of Fortis' businesses.**

The operational risks that Fortis faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events can potentially result in financial loss as well as harm to Fortis' reputation. Additionally, the loss of key personnel could adversely affect Fortis' operations and results.

Fortis' business inherently generates operational risks. The business is dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes. Additionally, because of the long-term nature of much of Fortis' business, accurate records have to be maintained for significant periods.

Fortis attempts to keep operational risks at appropriate levels by maintaining a sound and well controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they do not eliminate them.

**(g) Fortis' insurance business is subject to risks concerning the adequacy of its technical provisions to cover future losses and benefits.**

Fortis' technical provisions may prove to be inadequate to cover Fortis' actual losses and benefits experience. For example, Fortis derives its life and health insurance reserves from actuarial practices and assumptions, including an assessment of mortality and morbidity rates. If the actual future mortality and morbidity rates deviate from those Fortis has projected, the insurance reserves could be inadequate. Other assumptions that influence insurance reserves relate to long-term development of interest rates, guaranteed return levels, investment returns, policyholder bonus rates, policyholder lapses, and future expense levels.

Additionally, some of Fortis' insurance products are affected by certain unpredictable events, including catastrophic events. For example, some weather-related events could result in substantial costs to Fortis.

To the extent that technical provisions are insufficient to cover actual insurance losses, loss adjustment expenses or future policy benefits, Fortis would have to add to these technical provisions and incur a charge to its earnings. Additional losses, including losses arising from changes in the legal environment, the type or magnitude of which Fortis cannot foresee, may emerge in the future. Any insufficiencies in technical provisions for future claims could have a material adverse effect on Fortis' future consolidated financial condition, results of operations and cash flows.

**(h) Fortis has significant counterparty risk exposure.**

Fortis is subject to general credit risks, including credit risks of borrowers, as well as credit risks of its reinsurers. Third parties that owe Fortis money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans made, the issuers whose securities Fortis holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to Fortis due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Fortis transfers its exposure to certain risks in its non-life and life insurance businesses to others through reinsurance arrangements. Under these arrangements, other insurers assume a portion of Fortis' losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly.

Any decrease in the amount of Fortis' reinsurance will increase Fortis' risk of loss. When Fortis obtains reinsurance, it is still liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of Fortis' reinsurers to meet their financial obligations could materially affect Fortis' results of operations. Although Fortis conducts periodic reviews of the financial statements and reputations of its reinsurers, the reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

**(i) Catastrophic events, terrorist attacks and other acts of war could have a negative impact on Fortis' business and results.**

Catastrophic events, terrorist attacks, other acts of war or hostility, and responses to those acts may create economic and political uncertainties, which could have a negative impact on economic conditions in the

regions in which Fortis operates and, more specifically, on the business and results of Fortis in ways that cannot be predicted.

**(j) Fortis' results of operations can be adversely affected by significant adverse regulatory developments including changes in tax law.**

Fortis conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the Benelux and the other regions in which Fortis does business. The timing and form of future changes in regulation are unpredictable and beyond the control of Fortis, and changes made could materially adversely affect Fortis' business, the products and services offered or the value of assets.

**(k) The financial statements of Fortis Bank when prepared in accordance with International Financial Reporting Standards (including International Accounting Standards and Interpretations) issued by the International Accounting Standards Board as at 31 December 2005, and as endorsed by the European Commission for financial reporting ("IFRS"), will impact the financial results of Fortis Bank as they differ in significant respects from GAAP in accordance with Belgian law.**

Fortis' financial statements are prepared on the basis of IFRS as of 2005 (previously known as "International Accounting Standards" or "IAS"). Because IFRS emphasises the measure of the fair value of certain assets and liabilities, applying these standards to our financial statements may have a considerable impact on a number of important areas, including, among others, goodwill and intangible assets and financial instruments (including derivatives), accounting for share-based payments, long-term assets, insurance technical reserves, and business combinations. Because Fortis' financial statements prepared in accordance with IFRS will differ from its financial statements prepared on the basis of GAAP in accordance with Belgian law, the methods used by the financial community to assess Fortis' financial performance and value its publicly-traded securities could be affected and Fortis' financial statements may be materially different from the financial statements included herein.

## INFORMATION INCORPORATED BY REFERENCE

The following documents have been filed with the CSSF and shall be deemed incorporated in, and form part of this Base Prospectus:

1. the 2005 Management Report Annual Accounts of Fortis Bank nv-sa, including, among other things:
  - (a) the audited consolidated balance sheet and income statement of Fortis Bank nv-sa for the financial year ending 31 December 2005; pages 68 to 74
  - (b) the notes to the consolidated balance sheet and income statement for the financial year ending 31 December 2005; and pages 75 to 139
  - (c) the unqualified statutory auditor's report of the joint statutory auditors on the consolidated financial statements for the year ending 31 December 2005 submitted to the General Shareholders' Meeting of the Fortis Bank; pages 140 to 141
2. the 2004 Management Report Annual Accounts of Fortis Bank nv-sa, including, among other things:
  - (a) the audited consolidated balance sheet and income statement of Fortis Bank nv-sa for the financial year ending 31 December 2004; pages 15 to 21
  - (b) the notes to the consolidated balance sheet and income statement for the financial year ending 31 December 2004; and pages 22 to 81
  - (c) and the unqualified statutory auditor's report of the joint statutory auditors on the consolidated financial statements for the year ending 31 December 2004 submitted to the General Shareholders' Meeting of the Fortis Bank; pages 82 to 83
3. the audited annual financial statements of Fortis Luxembourg Finance S.A. for the financial year ending 31 December 2005, including:
  - (a) the balance sheet, the profit and loss account; pages 2 to 3
  - (b) the notes to the company accounts; and pages 4 to 9
  - (c) the auditors' report to the audited annual financial statements for the financial year ending 31 December 2005; page 1
4. the audited annual financial statements of Fortis Luxembourg Finance S.A. for the financial year ending 31 December 2004, including:
  - (a) the balance sheet, the profit and loss account; pages 2 to 3
  - (b) the notes to the company accounts; and pages 4 to 9
  - (c) the auditors' report to the audited annual financial statements for the financial year ending 31 December 2004; page 1
5. the press release published by Fortis on 18 May 2006 concerning its first quarter results for 2006;
6. the press release published by Fortis on 10 August 2006 concerning its second quarter results for 2006; and
7. articles of association of Fortis Bank nv-sa and Fortis Luxembourg Finance S.A. as at the date hereof, included for information purposes.

Apart from the information itemised in the table above, information contained in the documents which have been incorporated by reference have been included for informational purposes only. This Base Prospectus,

together with applicable Final Terms issued in respect of each Tranche of Notes, may only be used in connection with the offer, sale and admission to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system of Notes in an aggregate principal amount of not more than EUR 15,000,000,000 (or its equivalent in other currencies) outstanding at any time.

Copies of this Base Prospectus (and all documents forming part thereof) are available free of charge from the principal offices of the respective Paying Agents and the Listing Agent in Luxembourg and the respective registered offices of the Issuers. In addition, this Base Prospectus the documents incorporated by reference as stated above and the Final Terms of any Tranche admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange will be available in electronic form on the website of the Luxembourg Stock Exchange.

## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers and the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuers and the Guarantor have endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will therefore be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, will be contained in a Drawdown Prospectus

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or Drawdown Prospectus, as the case may be.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

An Issuer and, if applicable, the Guarantor, may agree with any Dealer that Notes may be issued, offered to the public, and/or admitted to trading on a regulated market in a form not contemplated by the Terms and Conditions of the Notes described in this Base Prospectus, in which event a supplement to the Base Prospectus or a Drawdown Prospectus, will be submitted for approval to the relevant competent authority and will be made available. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

In accordance with Article 5.3 of the Prospectus Directive, the Drawdown Prospectus will be either:

- (1) drawn up as a single document, incorporating by reference, if applicable, the relevant part of the Base Prospectus; or
- (2) composed of the following separate documents:
  - (i) a registration document (the "**Registration Document**") containing the necessary information relating to the relevant Issuer and, if applicable, the Guarantor;
  - (ii) a securities note in the form and content that is required in accordance with the Prospectus Directive and the Commission Regulation N°809/2004, depending on the kind of Notes that will be admitted to trading or/and offered to the public; and
  - (iii) if necessary, a summary note in accordance with article 5.2 of the Prospectus Directive.

In the case of separate documents, the securities note shall provide information that would normally be provided in the registration document if there has been a material change or recent development which could affect investors' assessments since the latest updated registration document or any supplement as provided for in Article 16 of the Prospectus Directive was approved. The securities note and, if applicable, summary note shall be subject to approval separately.

The Issuers and the Guarantor have undertaken in connection with the admission to listing on the official list and to trading of the Notes on the regulated market of the Luxembourg Stock Exchange, and/or the admission to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system, or/and in connection with an offer to the public of Notes, that if at any time there shall occur any significant new factor which is not reflected in this Base Prospectus or any supplements thereto and/or there shall be any material mistake or inaccuracy relating to the information included in this Base Prospectus or any supplements thereto, in each case, which is capable of affecting the assessment of the Notes, the Issuers and the Guarantor will prepare or procure the preparation of and make available a supplement to this Base Prospectus or, as the case may be, a new Base Prospectus for use in connection with any subsequent issue of Notes to be offered to the public or/and

admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system. If the terms of the Programme are modified or amended in a manner which would make the Base Prospectus inaccurate or misleading, a new Base Prospectus or supplement will be prepared.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following summary of key features of the Programme is qualified in its entirety by the remainder of this Base Prospectus. The Notes may be issued on such terms as may be agreed between the relevant Dealer(s) and the Issuer(s) and, unless otherwise specified in the applicable Final Terms in relation to any particular Tranche or Series, will be subject to the Terms and Conditions set out on pages 27 to 125. Each Series of Notes will be subject to compliance with all relevant laws, regulations and directives and subject to obtaining any appropriate official or other consents.

<b>Issuers:</b>	Fortis Bank and Fortis Luxembourg.
<b>Guarantor:</b>	Fortis Bank (in respect of Notes issued by Fortis Luxembourg).
<b>Description:</b>	Euro Medium Term Note Programme.
<b>Guarantee:</b>	Each of the Notes issued by Fortis Luxembourg have the benefit of a guarantee (the “ <i>Guarantee</i> ”) from the Guarantor.
<b>Arranger:</b>	Fortis Bank nv-sa.
<b>Dealers:</b>	ABN AMRO Bank N.V., Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, BNP PARIBAS, CALYON, Citigroup Global Markets Limited, Fortis Bank nv-sa, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International, Société Générale, The Royal Bank of Scotland plc, UBS Limited and such other Dealers as may be appointed under the Programme.
<b>Fiscal Agent and Principal Paying Agent:</b>	Fortis Banque Luxembourg S.A.
<b>Domiciliary Agent:</b>	Fortis Bank nv-sa.
<b>Alternative Principal Paying Agent:</b>	Fortis Bank nv-sa
<b>Paying Agents:</b>	Fortis Bank nv-sa, Fortis Bank (Nederland) N.V., Fortis Banque (Suisse) S.A. and Citibank, N.A.
<b>Amsterdam Listing Agent:</b>	Fortis Bank (Nederland) N.V.
<b>Belgian Listing Agent:</b>	Fortis Bank nv-sa.
<b>Luxembourg Listing Agent:</b>	Fortis Banque Luxembourg S.A.
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and completed by a set of Final Terms or (2) pursuant to a separate prospectus prepared in connection with a particular Tranche of Notes (a “ <b>Drawdown Prospectus</b> ”) as more fully described in the section entitled “ <i>Final Terms and Drawdown Prospectuses</i> ” on page 21.
<b>Terms and Conditions:</b>	Final Terms will be prepared in respect of each Tranche of Notes a copy of which will, in the case of Notes to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange be delivered to the Luxembourg Stock Exchange and in the case of Notes to be admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system, be delivered to such competent authority, stock exchange and/or quotation system. The terms and conditions applicable to each Tranche will be those set out herein under “ <i>Terms and Conditions of the Notes</i> ” as supplemented, modified or replaced by the relevant Final Terms. In case of offer to the public, the Final Terms will be filed with the relevant competent authority as soon as practicable and if possible in advance of the beginning of the offer.
<b>Size:</b>	This Base Prospectus, together with applicable Final Terms issued in respect of each Tranche of Notes, may only be used in connection with the offer, sale or/and admission to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system of Notes in an aggregate principal amount of not more than EUR 15,000,000,000 (or its equivalent in other currencies at the date of issue) outstanding at any time, subject to any duly

authorised increase.

<b>Currencies:</b>	Notes may be issued in U.S. dollars, Canadian dollars, Australian dollars, New Zealand dollars, Sterling, Euro, Japanese yen, Swedish kronor, Danish kroner, Hungarian Forints, New Turkish Lira, or in any other currencies if the relevant Issuer and the Dealers so agree, subject in each case to all necessary consents being obtained and, subject to compliance with all relevant laws, regulations and directives.
<b>Maturities:</b>	<p>Any maturity or no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>If the Notes have a maturity of less than one year and either (a) the issue proceeds are received by the relevant Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by that Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by that Issuer.</p>
<b>Issue Price:</b>	Notes may be issued at par or at a discount or premium to par or with a zero coupon as specified in the relevant Final Terms. Partly-paid Notes may also be issued, the issue price of which will be payable in two or more instalments. The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer, where applicable, the Guarantor, and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
<b>Method of Issue:</b>	The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes with respect to each Series will either mature on the same date or have no fixed maturity date, bear interest (if any) on the same basis and otherwise be subject to identical terms and may be issued in Tranches on a continuous basis with, save as mentioned below, no minimum issue size. Further Notes may be issued as part of an existing Series.
<b>Fixed Interest Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms and at maturity (if any).
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to par and will not bear interest.
<b>Variable Coupon Amount Notes:</b>	The Final Terms issued in respect of each issue of Variable Coupon Amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to indexes, shares, reference rates or formula or as otherwise provided in the relevant Final Terms.
<b>Fixed Redemption Amount Notes:</b>	Fixed Redemption Amount Notes may be redeemable at par, at a premium to par or at a discount to par by specifying the redemption amount in the relevant Final Terms.
<b>Variable Redemption Notes:</b>	The Final Terms in respect of each issue of Variable Redemption Amount Notes should specify the basis for calculating the redemption amounts payable, which may be calculated by reference to indexes, shares, reference rates or formula or as otherwise provided in the relevant Final Terms. The redemption at maturity can be done at par, at an amount that is above or below the nominal amount of the Notes,



or by delivery of shares, bonds or loans.

**Other Notes:**

Further terms applicable to Indexed Notes, High Interest Notes, Low Interest Notes, Step-up Notes, Step-down Notes, Dual Currency Notes, Reverse Dual Currency Notes, Optional Dual Currency Notes, Partly paid Notes, Credit-linked Notes, Snowball Notes, Thunderball Notes, Swing Notes, Target Redemption Notes, Range Accrual Notes, Autocallable Notes, Inflation Linked Notes, Equity Linked Notes, Index Linked Notes, or any variant, and any other type of Note which the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

**Form of Notes:**

Notes may be in bearer or (only in the case of Notes issued by Fortis Luxembourg) registered form. Each Tranche of bearer Notes which is not intended to be issued in new global note ("NGN") form (a "Classic Global Note" or "CGN") as specified in the relevant Final Terms will initially be represented by a temporary Global Note and will be deposited on or around the issue date with a depository or a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and interests therein will be credited to the accounts of the relevant purchasers with Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Interests in each temporary Global Note will be exchanged for interests in a permanent Global Note not earlier than 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in each permanent Global Note may be exchanged for definitive Notes in bearer form or (only in the case of Notes issued by Fortis Luxembourg) registered form on 60 days' prior notice.

In the case of Notes issued by Fortis Bank and if so provided in the relevant Final Terms, the Notes will be represented by a permanent Global Note which will be deposited on or about the issue date with the NBB as operator of the X/N System or its custodian and interests therein will be credited to the accounts of the relevant purchasers with the X/N System, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Such Notes will not be issued in NGN form. Please refer to the section entitled "*Summary of Provisions relating to Global Notes*".

**Denominations:**

Notes will be issued in any denominations agreed between the relevant Issuer and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Optional Redemption:**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed at the option of the relevant Issuer or the Guarantor (as the case may be) (either in whole or in part) and/or the holders, and if so, the terms applicable to such redemption.

**Early Redemption:**

Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer only for tax reasons.

**Redemption by Instalments:**

The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Admission to Trading:**

Notes may be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system specified in the relevant Final Terms. Notes issued under the Programme which are to be admitted to trading on a regulated market situated or operating within a Member State or which are to be offered to the public in one or more Member States (where the terms "regulated market" and "offer to the public" are within the meaning of any measures implementing the Prospectus Directive in any relevant Member State)

may not (a) have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency) or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuers or by any entity belonging to the Issuers' group. Subject thereto, Notes may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

**Status of Notes and the Guarantee:**

Notes issued by the Issuers may either be direct, unconditional, unsubordinated and unsecured obligations, or subordinated obligations of such Issuer. The Guarantees will either be direct, unconditional, unsubordinated and unsecured obligations of the Guarantor or subordinated obligations of the Guarantor.

**Cross Default:**

The Unsubordinated Notes will contain a cross default in respect of indebtedness for borrowed money of the Issuers and the Guarantor (in respect of Notes issued by Fortis Luxembourg) as more fully set out in "*Terms and Conditions of the Notes – 10. Events of Default*".

**Negative Pledge:**

A negative pledge will be contained in the Notes in respect of any Unsubordinated Note or Coupon which remains outstanding as more fully set out in "*Terms and Conditions of the Notes – 4. Negative Pledge*".

**Taxation:**

All payments of principal and interest in respect of the Notes and the Guarantees by the Issuer or the Guarantor will be made without deduction for or on account of withholding taxes (if any), imposed in Luxembourg (in the case of Fortis Luxembourg) or Belgium (in the case of Fortis Bank) subject to customary exceptions as specified in the Terms and Conditions.

**Governing Law:**

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law except for (i) in the case of Senior or Junior Subordinated Notes issued by Fortis Luxembourg, which shall be governed by, and construed in accordance with Luxembourg law and the Senior or Junior Guarantee of Fortis Bank which shall be governed by, and construed in accordance with Belgian law and (ii) in the case of Notes issued by Fortis Bank, Senior or Junior Subordinated Notes which shall be governed by, and construed in accordance with Belgian law.

A Guarantee of Fortis Bank applicable in relation to any Senior Notes issued by Fortis Luxembourg shall be construed in accordance with English law.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material under the laws of Belgium, France, Poland, Republic of Hungary, Spain, the Kingdom of Norway, the Netherlands, the United Kingdom, in the European Economic Area, Australia, Netherlands Antilles, Hong Kong, Japan, New Zealand, Singapore, Switzerland, Turkey, and the United States of America, please refer to the section entitled "*Plan of Distribution*" on page 175 of this Base Prospectus.

Such description is only a summary at the date of the Base Prospectus of certain restrictions that can vary from time to time. Prospective investors and purchasers of Notes must inform themselves about all the relevant, applicable and up-to-date restrictions prior to investing in the applicable Notes. Moreover the selling restrictions that are applicable to a Tranche of Notes can be modified in the relevant Final Terms if agreed by the relevant Issuer, the Guarantor (if applicable) and the relevant Dealer.

## TERMS AND CONDITIONS OF THE NOTES

### PART 1: MEDIUM TERM NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms in relation to any particular Tranche or Series, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series, details of the relevant Series being shown on the relevant Notes and in the relevant Final Terms:*

Notes will be issued in series (each a "Series") having one or more issue dates and the same maturity date (if any), bearing interest (if any) on the same basis and at the same rate and on terms otherwise identical. The length of interest periods, and the rate of interest in respect thereof, may differ from the length, and the rate of interest in respect of subsequent or, as the case may be, preceding interest periods. Each Series may be issued in tranches (each a "Tranche") on different issue dates. The specific terms of each Series will be set forth in a set of final terms ("Final Terms") based on the form included in the Base Prospectus dated 29 September 2006.

The Notes are issued pursuant to an Amended and Restated Agency Agreement dated 29 September 2006 (as amended or supplemented from time to time, the "Agency Agreement") between Fortis Luxembourg Finance S.A. ("Fortis Luxembourg") and Fortis Bank nv-sa ("Fortis Bank" and together with Fortis Luxembourg, the "Issuers" and each, an "Issuer"), Fortis Bank (the "Guarantor"), Fortis Banque Luxembourg, S.A. as fiscal agent (the "Fiscal Agent"), registrar (the "Registrar"), principal paying agent (the "Principal Paying Agent"), transfer agent (the "Transfer Agent") and calculation agent (the "Calculation Agent"), Fortis Bank nv-sa as alternative principal paying agent (the "Alternative Principal Paying Agent"), Fortis Bank (Nederland) N.V., Fortis Banque (Suisse) S.A. and Citibank, N.A. as paying agents (together with the Principal Paying Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "Paying Agents") and as transfer agents (together with the Transfer Agent referred to above and any additional or other transfer agents in respect of the Notes from time to time appointed, the "Transfer Agents") and Fortis Bank nv-sa as domiciliary agent ("Domiciliary Agent"). For the purposes of these Conditions, "Principal Paying Agent" means, in relation to any series of Notes, the Fiscal Agent or the Principal Paying Agent specified above or the Alternative Principal Paying Agent, as specified on the relevant Note. The initial Calculation Agent (if any) is specified on the relevant Note. In relation to the Notes issued by Fortis Bank which are to be cleared through the book-entry clearance and settlement system (the "X/N System") "X/N Notes" operated by the National Bank of Belgium or any successor thereto (the "NBB"), if so specified in the relevant Final Terms, Fortis Bank has in addition to the Agency Agreement it entered into with, *inter alia*, Fortis Bank nv-sa as Domiciliary Agent, also entered into a clearing agreement with the NBB and the Domiciliary Agent on 3 November 2005 (as amended or supplemented from time to time, the "Clearing Agreement"). The Notes have the benefit of a deed of covenant dated 29 September 2006 (the "Deed of Covenant" as amended, supplemented and replaced) executed by the Issuers and the Guarantor. The Noteholders (as defined below), the holders of the coupons (the "Coupons") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the instalment receipts (the "Receipts") appertaining to the payment of principal by instalments (the "Receiptholders") are deemed to have notice of all of the provisions of the Agency Agreement and the Deed of Covenant applicable to them.

Copies of the Agency Agreement, the Clearing Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

#### 1. Form, Denomination and Title

Notes are issued in bearer form ("Bearer Notes", which expression includes Notes which are specified to be Exchangeable Bearer Notes) in the Specified Denomination(s) (as specified in the relevant Final Terms), (in the case of Notes issued by Fortis Luxembourg only) in registered form ("Registered Notes") in amounts of the Denomination or an integral multiple thereof ("Authorised Denominations") or (in the case of Notes issued by Fortis Luxembourg only) in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") and, in each case, serially numbered.

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to the Bearer Notes and the Receipts, Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the Register which the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement; and an up-to-date copy of the Register shall be kept at the registered office of the relevant Issuer all changes in the inscriptions in the Register being notified and made available to the relevant Issuer. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, “*Noteholder*” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “*holder*” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them on this Note, the absence of any such meaning indicating that such term is not applicable to this Note.

No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

## **2. Exchanges of Bearer Notes and Transfers of Registered Notes**

### **(a) Exchange of Bearer Notes**

Subject as provided in Condition 2(e), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of an Authorised Denomination at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) Transfer of Registered Notes**

A Registered Note may be transferred in whole or in part in an Authorised Denomination upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Note a new Registered Note in respect of the balance not transferred will be issued to the transferor.

### **(c) Delivery of new Registered Notes**

Each new Registered Note to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Registered Note to such address as may be specified in such request for exchange or form of transfer.

### **(d) Exchange free of charge**

Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the relevant Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

### **(e) Closed periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for any payment of principal on that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the relevant Issuer at its option pursuant to Condition 6(e) or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note which is simultaneously surrendered not later than the relevant Record Date.

## **3. Status and Guarantee**

### **(a) Senior Notes**

This Condition 3(a) is applicable in relation to Notes issued by the relevant Issuer on an unsubordinated basis (the “*Senior Notes*”).

The Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 below) unsecured and general obligations of the relevant Issuer and rank *pari passu* (subject to mandatorily preferred debts under applicable laws) without any preference among themselves and at least equally and rateably with all other present and future outstanding unsecured and unsubordinated obligations, including guarantees and other obligations of a similar nature of such Issuer.

(b) *Senior Subordinated Notes*

This Condition 3(b) is applicable in relation to Notes issued by the relevant Issuer to which both the following conditions apply, namely (i) the Notes have a Maturity Date and (ii) the Notes are being issued on a subordinated basis ("*Senior Subordinated Notes*").

The obligations of the relevant Issuer in respect of the Senior Subordinated Notes constitute senior subordinated obligations of such Issuer. Accordingly, the liabilities of the relevant Issuer under or pursuant to the Senior Subordinated Notes shall not be required to be satisfied until satisfaction of all indebtedness of such Issuer to the depositors (in the case of Fortis Bank) and Senior Creditors or the amount necessary for that purpose shall have been deposited in consignment. For the purposes of this Condition 3(b), "*Senior Creditors*" means all present and future unsubordinated creditors of the relevant Issuer.

(c) *Junior Subordinated Notes*

This Condition 3(c) is applicable in relation to Notes issued by the relevant Issuer to which both the following conditions apply, namely (i) the Notes do not have a Maturity Date and (ii) the Notes are issued on a subordinated basis ("*Junior Subordinated Notes*").

The obligations of the relevant Issuer in respect of Junior Subordinated Notes constitute direct, unsecured and junior subordinated obligations of such Issuer, conditional as described below, and rank (i) *pari passu* without any preference among themselves and with any other Junior Subordinated Notes and, in the case of Fortis Bank, the Junior Subordinated Guarantees granted by the Guarantor under Condition 3(f), (ii) junior to all present and future unsecured obligations of such Issuer which are or are expressed to be subordinated to the unsecured, unsubordinated obligations of such Issuer but not further or otherwise ("*Senior Subordinated Obligations*"), (iii) at least equally and rateably with all other present and future obligations of such Issuer which rank or are expressed to rank junior to the Senior Subordinated Obligations and (iv) in priority to the rights and claims of holders of all classes of equity (including holders of preference shares (if any)) issued by such Issuer, subject to mandatory provisions of Belgian law (in the case of Junior Subordinated Notes issued by Fortis Bank) or the laws of Luxembourg (in the case of Junior Subordinated Notes issued by Fortis Luxembourg).

Claims in respect of the Junior Subordinated Notes are subordinated to the claims of Senior and Subordinated Creditors (as defined below), including holders of Senior Subordinated Notes and, in the case of Fortis Bank, holders of Senior Subordinated Notes issued by Fortis Luxembourg, in respect of a Senior Subordinated Guarantee granted by the Guarantor, and payments of principal and interest by the relevant Issuer in respect of Junior Subordinated Notes will be conditional upon such Issuer being solvent at the time of payment by that Issuer and no principal or interest shall be due and payable in respect of Junior Subordinated Notes except to the extent that (assuming a payment was then due by the relevant Issuer) such Issuer could make such payment in whole or in part, rateably with payments in respect of Other *Pari Passu* Claims (as defined below), and still be solvent immediately thereafter. For the purposes of these Conditions the relevant Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (in each case as defined below) (other than its Liabilities to persons who are not Senior and Subordinated Creditors). A report as to the solvency of the relevant Issuer by two directors of such Issuer or (if such Issuer is in winding-up, liquidation or bankruptcy) the liquidator of such Issuer, shall in the absence of proven error be treated and accepted by such Issuer, the Noteholders, and the Couponholders and the Receiptholders (if any) as correct and sufficient evidence thereof.

For the purposes of this Condition 3(c), "*Senior and Subordinated Creditors*" means, all creditors of the relevant Issuer (including any holders of Senior Subordinated Notes, in the case of Fortis Bank, holders of Notes issued by Fortis Luxembourg, in respect of a Senior Subordinated Guarantee granted by the Guarantor, other than creditors whose claims are in respect of: (i) any class of equity (including preference shares), subject to mandatory provisions of Belgian law (in the case of Junior Subordinated Notes issued by Fortis Bank) or the laws of Luxembourg (in the case of Notes issued by Fortis Luxembourg), or (ii) unsecured, subordinated obligations which are or are expressed to be subordinated to the Senior Subordinated Obligations or (iii) any other obligations which rank or are expressed to rank either *pari passu* with or junior to the claims of the holders of Junior Subordinated Notes and Coupons and Receipts (if any) appertaining thereto; "*Assets*" means the total assets of the relevant Issuer and "*Liabilities*" means the total liabilities of such Issuer, each as shown by the latest published audited balance sheet of such Issuer but adjusted for contingencies and for subsequent events, all valued in such manner as such directors or liquidator (as the case may be) may determine; and "*Other Pari Passu Claims*" means claims of creditors of the relevant Issuer which are subordinated so as to rank or are expressed to rank *pari passu* with the claims of the holders of Junior Subordinated Notes and Coupons and Receipts (if any) appertaining thereto.

If the relevant Issuer would not otherwise be solvent for the purposes of these Conditions, the amount of the principal and sums which would otherwise be payable as interest on Junior Subordinated Notes will be available to meet the losses of such Issuer.

(d) *Senior Guarantee*

This Condition 3(d) is applicable in relation to any Senior Notes issued by Fortis Luxembourg.

The Guarantor has, by the guarantees endorsed on such Senior Notes and, in the case of the Registered Notes, contained in the Deed of Covenant (the "*Senior Guarantees*"), unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due from Fortis Luxembourg under such Senior Notes and the

Receipts and Coupons relating to them (including any additional amounts payable under Condition 8 below), when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

The Senior Guarantees constitute direct, unconditional, irrevocable, unsubordinated and (subject to the provisions of Condition 4 below) unsecured obligations of the Guarantor and rank *pari passu* (subject to mandatorily preferred debts under applicable laws) equally and rateably with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor.

(e) *Senior Subordinated Guarantee*

This Condition 3(e) is applicable in relation to any Senior Subordinated Notes issued by Fortis Luxembourg.

The Guarantor has, by the guarantees endorsed on such Senior Subordinated Notes and, in the case of the Registered Notes, contained in the Deed of Covenant (the "*Senior Subordinated Guarantees*"), unconditionally and irrevocably guaranteed, on a subordinated basis, the due and punctual payment of all amounts due from Fortis Luxembourg under such Senior Subordinated Notes and the Receipts and Coupons relating to them (including any additional amounts payable under Condition 8 below) when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

As more fully described in the Senior Subordinated Guarantees, the obligations of the Guarantor in respect of the Senior Subordinated Guarantees constitute senior subordinated obligations of the Guarantor. Accordingly, in the events specified in the Senior Subordinated Guarantees, the liabilities of the Guarantor under or pursuant to the Senior Subordinated Guarantees shall not be required to be satisfied until satisfaction of all indebtedness of the Guarantor to the depositors and Senior Creditors or the amount necessary for that purpose shall have been deposited in consignment. As more fully described in the Guarantees, "*Senior Creditors*" means all present and future unsubordinated creditors of the Guarantor.

(f) *Junior Subordinated Guarantee*

This Condition 3(f) is applicable in relation to Junior Subordinated Notes issued by Fortis Luxembourg.

The Guarantor has, by guarantees endorsed on such Junior Subordinated Notes and, in the case of the Registered Notes, contained in the Deed of Covenant (the "*Junior Subordinated Guarantees*" and together with the Senior Guarantees and the Senior Subordinated Guarantees, the "*Guarantees*"), as primary obligor guaranteed, on a subordinated basis, the due and punctual payment of all amounts payable by Fortis Luxembourg on or in respect of such Junior Subordinated Notes and the Receipts and Coupons relating to them (including any additional amounts payable under Condition 8 below) when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

The Junior Subordinated Guarantees constitute direct, unsecured and junior subordinated obligations of the Guarantor, conditional as described below, and rank (i) *pari passu* without any preference among the other Junior Subordinated Guarantees and the Junior Subordinated Notes, (ii) junior to all present and future unsecured obligations of the Guarantor which are or are expressed to be subordinated to the unsecured, unsubordinated obligations of the Guarantor but not further or otherwise ("*Senior Subordinated Obligations*"), (iii) at least equally and rateably with all other present and future obligations of the Guarantor which rank or are expressed to rank junior to the Senior Subordinated Obligations and (iv) in priority to the rights and claims of holders of all classes of equity (including holders of preference shares (if any)) issued by the Guarantor, subject to mandatory provisions of Belgian law.

Claims in respect of the Junior Subordinated Guarantees are subordinated to the claims of Senior and Subordinated Creditors (as defined below), including holders of Senior Subordinated Notes issued by Fortis Bank and holders of Senior Subordinated Notes issued by Fortis Luxembourg in respect of a Senior Subordinated Guarantee granted by the Guarantor, and payments of principal and interest by Fortis Luxembourg in respect of such Junior Subordinated Notes will be conditional upon the Guarantor being solvent at the time of payment by Fortis Luxembourg and no principal or interest shall be due and payable in respect of such Junior Subordinated Notes except to the extent that (assuming a payment was then due by the Guarantor) the Guarantor could make such payment in whole or in part, rateably with payments in respect of Other *Pari Passu* Claims (as defined below), and still be solvent immediately thereafter. For the purposes of these Conditions the Guarantor shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (in each case as defined below) (other than its Liabilities to persons who are not Senior and Subordinated Creditors). A report as to the solvency of the Guarantor by two directors of the Guarantor or (if the Guarantor is in winding-up, liquidation or bankruptcy) the liquidator of the Guarantor, shall in the absence of proven error be treated and accepted by the relevant Issuer, the Guarantor, the Noteholders, and the Couponholders and the Receiptholders (if any) as correct and sufficient evidence thereof.

For the purposes of this Condition 3(f), "*Senior and Subordinated Creditors*" means all creditors of the Guarantor (including any holders of Senior Subordinated Notes issued by Fortis Bank and holders of Senior Subordinated Notes issued by Fortis Luxembourg in respect of the Senior Subordinated Guarantee granted by the Guarantor) other than creditors whose claims are in respect of: (i) any class of equity (including preference shares), subject to mandatory provisions of Belgian law, or (ii) unsecured, subordinated obligations which are or are expressed to be subordinated to the Senior Subordinated Obligations of the Guarantor or (iii) any other obligations which rank or are expressed to rank either *pari passu* with or junior to the claims of the holders of

Junior Subordinated Notes and Coupons and Receipts (if any) appertaining thereto under the Junior Subordinated Guarantees; “*Assets*” means the total assets of the Guarantor and “*Liabilities*” means the total liabilities of the Guarantor, each as shown by the latest published audited balance sheet of the Guarantor but adjusted for contingencies and for subsequent events, all valued in such manner as such directors or liquidator (as the case may be) may determine; and “*Other Pari Passu Claims*” means claims of creditors of the Guarantor which are subordinated so as to rank or are expressed to rank *pari passu* with the claims of the holders of Junior Subordinated Notes and Coupons and Receipts (if any) appertaining thereto under the Junior Subordinated Guarantees.

If the Guarantor would not otherwise be solvent for the purposes of these Conditions, the amount of the principal and sums which would otherwise be payable as interest on Junior Subordinated Notes will be available to meet the losses of the Guarantor.

#### **4. Negative Pledge**

This Condition 4 is not applicable to Senior Subordinated Notes and Junior Subordinated Notes.

So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Agency Agreement), neither of the Issuers nor the Guarantor will create or permit to exist any mortgage, lien (other than liens arising by operation of law), pledge, charge or other security interest upon the whole or any part of its present or future assets or revenues to secure any indebtedness represented by, or in the form of, bonds, notes, debentures or other securities or any guarantee or indemnity in respect of such indebtedness, in each case unless the Notes, Receipts and Coupons share in and are equally and rateably secured by such mortgage, lien, pledge, charge or other security interest, and the instrument creating such mortgage, lien, pledge, charge or other security interest expressly so provides.

#### **5. Interest**

##### **(a) *Accrual of interest***

Each Note bears interest on its outstanding principal amount or, in relation to Cash-Settled Credit Linked Notes, its average daily Principal Amount Outstanding from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate payable (subject, in the case of Junior Subordinated Notes, to Condition 3(c) and (f), if such Notes have the benefit of a Junior Subordinated Guarantee) in arrear on each Interest Payment Date provided (in the case of Junior Subordinated Notes) that such date is a Compulsory Interest Payment Date in which case interest shall be payable in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date.

In the case of Junior Subordinated Notes, on any Optional Interest Payment Date there may be paid (if the relevant Issuer or the Guarantor, as the case may be, so elects but subject to Condition 3(c) and (f), if such Notes have the benefit of a Junior Subordinated Guarantee) the interest accrued in the Interest Period ending on the day immediately preceding such date but the relevant Issuer or the Guarantor, as the case may be, shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the relevant Issuer or (where such Issuer is Fortis Luxembourg) the Guarantor for any purpose. Any interest not paid in respect of Junior Subordinated Notes on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute “*Arrears of Interest*” which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may at the option of the relevant Issuer or the Guarantor as the case may be, be paid in whole or in part at any time upon the expiration of not less than seven days notice to such effect given to the Noteholders in accordance with Condition 14, but all Arrears of Interest on all Notes outstanding shall (subject to Condition 3(c) and (f), if the Notes have the benefit of a Junior Subordinated Guarantee) become due in full on whichever is the earliest of (i) the Interest Payment Date immediately following the date upon which a dividend is next declared or paid on any class of share capital of Fortis Luxembourg or the Guarantor (as the case may be), (ii) the date set for any redemption pursuant to Condition 6(b) or (e) and (iii) the date that an order is made or an effective resolution is passed for the winding-up, liquidation or bankruptcy of Fortis Luxembourg or the Guarantor (as the case may be) or the commencement of judicial composition proceedings (“*concordat judiciaire*”) in respect of Fortis Luxembourg or the Guarantor (as the case may be). If notice is given by the relevant Issuer or the Guarantor, as the case may be, of its intention to pay the whole or part of Arrears of Interest, the relevant Issuer shall be obliged (subject to Condition 3(c) or (f), as the case may be,) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall bear interest at the rate applicable to the Notes.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

##### **(b) *Business Day Convention***

If any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be

brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) *Interest Rate on Fixed Rate Notes*

If the Interest Rate is specified as being Fixed Rate and unless otherwise specified in the relevant Final Terms and unless the Notes are Cash-Settled Credit Linked Notes, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Interest Rate on Floating Rate Notes*

If the Interest Rate is specified as being Floating Rate and Screen Rate Determination is specified in the relevant Final Terms, the Interest Rate will be determined by the Calculation Agent on the basis of the following provisions:

(i) At or about the Relevant Time on the Interest Determination Date in respect of each Interest Accrual Period, the Calculation Agent will:

(A) in the case of Notes which specify that the Primary Source for Interest Rate Quotations shall be derived from a specified page, section or other part of a particular information service (each as specified on such Notes), determine the Interest Rate for each Interest Accrual Period which shall, subject as provided below, be (x) the Relevant Rate so appearing in or on that page, section or other part of such information service as aforesaid (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or (y) the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of the Relevant Rates of the persons at the time whose Relevant Rates so appear in or on that page, section or other part of such information service as aforesaid, in any such case in respect of euro-currency deposits in the relevant currency for a period equal to the Specified Duration and as adjusted by the Spread or Spread Multiplier (if any) or by the Maximum or Minimum Interest Rate; and

(B) in the case of Notes which specify that the Primary Source for Interest Rate Quotations shall be the Reference Banks specified on such Notes and in the case of Notes falling within paragraph (i)(A) above but in respect of which no Relevant Rate appears at or about such Relevant Time or, as the case may be, which are to be determined by reference to quotations of persons appearing in or on the relevant page, section or other part of such information service as aforesaid but in respect of which less than two Relevant Rates appear at or about such Relevant Time, request the principal offices in the Relevant Financial Centre (or, in the case of Notes denominated in euro, the principal offices in the euro-zone selected by the Calculation Agent) of each of the Reference Banks specified on such Notes (or, as the case may be, any substitute Reference Bank appointed from time to time pursuant to paragraph (g) below) to provide the Calculation Agent with its Relevant Rate quoted to leading banks for euro-currency deposits in the relevant currency for a period equivalent to the Specified Duration. Where this paragraph (i)(B) shall apply, the Interest Rate for the relevant Interest Accrual Period shall, subject as provided below, be the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of such Relevant Rates as adjusted by the Spread or Spread Multiplier (if any) or by the Maximum or Minimum Interest Rate, as calculated by the Calculation Agent.

(ii) If, at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to paragraph (i)(B) in respect of a Note, two or three only of such Reference Banks provide such relevant quotations, the Interest Rate for the relevant Interest Accrual Period shall, subject as provided below, be determined as aforesaid on the basis of the Relevant Rates quoted by such Reference Banks.

(iii) If, at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to paragraph (i)(B), only one or none of such Reference Banks provide such Relevant Rates, the Interest Rate for the relevant Interest Accrual period shall be, subject as provided below, whichever is the higher of:—

(A) the Interest Rate in effect for the last preceding Interest Accrual Period to which paragraphs (i)(A) or (B) or (ii) above shall have applied (after readjustment for any difference between any Spread or Spread Multiplier applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period); and

(B) the rate per annum (expressed as a percentage) which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the next higher one-hundred thousandth of a percentage point) of the Relevant Rates in respect of the relevant currency which banks in the



principal financial centre of the country of such currency (or, in the case of Notes denominated in euro, in such financial centre or centres in the euro-zone selected by the Calculation Agent) selected by the Calculation Agent (after consultation with the relevant Issuer and (in the case of Notes issued by Fortis Luxembourg) the Guarantor) are quoting at or about the Relevant Time on the relevant Interest Determination Date for a period equivalent to the Specified Duration to leading banks carrying on business in that principal financial centre (or, in the case of Notes denominated in euro, in such financial centre or centres in the euro-zone selected by the Calculation Agent), as adjusted by the Spread or Spread Multiplier (if any) except that, if the banks so selected by the Calculation Agent are not quoting as aforesaid, the Interest Rate shall be the Interest Rate specified in paragraph (iii)(A) above.

(e) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms ) the Margin (if any). For the purposes of this sub-paragraph (d), “*ISDA Rate*” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent under an interest rate swap transaction if the Fiscal Agent or, as the case may be, the Domiciliary Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions as amended and updated as at the issue date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “*ISDA Definitions*”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms ;
- (2) the Designated Maturity is a period specified in the applicable Final Terms ; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“*LIBOR*”) for a currency, the first day of that Interest Period, (ii) if the applicable Floating Rate Option is based on the euro-zone inter-bank offered rate (“*EURIBOR*”), the first day of that Interest Period or (iii) in any other case, as specified in the applicable Final Terms .

For the purposes of this sub-paragraph (e), “*Floating Rate*”, “*Calculation Agent*”, “*Floating Rate Option*” and “*Designated Maturity*” have the meanings given to those terms in the ISDA Definitions.

(f) *Minimum/Maximum Interest Rates, Spreads and Spread Multipliers*

If any figure is expressed to be as adjusted by a Spread or Spread Multiplier, such adjustment shall be made by adding or subtracting any Spread specified on this Note or multiplying by any Spread Multiplier specified on this Note, subject always to the next paragraph.

If a Maximum or Minimum Interest Rate is specified on this Note, then the Interest Rate shall in no event exceed the maximum or be less than the minimum.

(g) *Calculation*

The amount of interest payable in respect of any Note for any period for which a Fixed Coupon Amount is not specified or not applicable shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction and rounding, if necessary, the resultant figure to the nearest minimum unit of the relevant currency (half of such unit being rounded upwards). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(h) *Determination and Publication of Interest Rate and Interest Amounts by the Calculation Agent*

If a Calculation Agent is provided for on this Note, it will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Interest Rate and calculate the amount of interest payable (the “*Interest Amounts*”) in respect of each Denomination of the Notes (in the case of Bearer Notes) and the minimum Denomination (in the case of Registered Notes) for the relevant Interest Accrual Period and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal Paying Agent, the relevant Issuer, the Guarantor, the Registrar, the Domiciliary Agent (if applicable), each of the Paying Agents, any competent authority, stock exchange and/or quotation system on which the Notes are admitted to listing, trading and/or quotation and the Noteholders as soon as possible after their determination but in no event later than the fourth Relevant Business Day thereafter. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of the Interest Rate and the Interest Amounts by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Calculation Agent and Reference Banks*

The relevant Issuer will procure that there shall at all times be four Reference Banks with offices in the Relevant Financial Centre (or, in the case of Notes denominated in euro, in the financial centre or centres selected by the relevant Issuer) and a Calculation Agent if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Calculation Agent will appoint another Reference Bank with an office in the Relevant Financial Centre (or, in the case of Notes denominated in euro, in the financial centre or centres in the euro-zone) to act as such in its place. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts, the relevant Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) *Definitions*

As used in these Conditions:—

“*Additional Business Centre(s)*” means the city or cities specified as such in the relevant Final Terms.

“*Compulsory Interest Payment Date*” means any Interest Payment Date if, in the calendar year immediately preceding such Interest Payment Date, any dividend has been declared or paid on any class of share capital of the Guarantor and if the Guarantor is solvent.

“*Day Count Fraction*” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “*Calculation Period*”, whether or not constituting an Interest Period):—

- (i) if “*Actual/365*” or “*Actual/Actual (ISDA)*” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365, or means such other basis as may be specified on the face of the Notes as being “*Actual/Actual*”);
- (ii) if “*Actual/365 (Fixed)*” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365;
- (iii) if “*Actual/360*” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 360;
- (iv) if “*30/360*”, “*360/360*” or “*Bond Basis*” is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “*30E/360*” or “*Eurobond Basis*” is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “*Actual/Actual (ICMA)*” is specified in the applicable Final Terms, means:—
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year.

“euro” means the single currency of the participating member states of the European Union, as contemplated by the Treaty on European Union.

“euro-zone” means the region comprising the member states of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the Treaty establishing the European Communities, as amended.

“Interest Accrual Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on the next succeeding Interest Period Date.

“Interest Commencement Date” means the date of issue of this Note (the “Issue Date”) or such other date as may be specified on it.

“Interest Determination Date” means, in respect of any Interest Accrual Period, that number of Relevant Business Days prior to the first day of such Interest Accrual Period or to the relevant Interest Payment Date as is set out on this Note.

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified on this Note.

“Interest Rate” means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, on this Note.

“Optional Interest Payment Date” means any Interest Payment Date other than a Compulsory Interest Payment Date.

“Regular Period” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where

“Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“Relevant Business Day” means:—

- (A) in the case of a specified currency other than euro, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are generally open for business in the principal financial centre for that currency and/or each of the Additional Business Centre(s) so specified; and/or
- (B) in the case of euro, a day on which the TARGET System is operating and a day on which banks and foreign exchange markets are generally open for business in each (if any) Additional Business Centre.

“*Relevant Financial Centre(s)*” means London or such other financial centre as may be specified on such Note.

“*Relevant Rate*” means:—

- (A) an offered rate in the case of a Note the Benchmark for which relates to an offered rate;
- (B) a bid rate in the case of a Note the Benchmark for which relates to a bid rate; and
- (C) the mean of an offered and bid rate in the case of a Note the Benchmark for which relates to the mean of an offered and bid rate.

“*Relevant Time*” means the local time in the Relevant Financial Centre specified on this Note or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in that Relevant Financial Centre.

“*Specified Duration*” means the Interest Period unless otherwise specified on this Note.

“*TARGET System*” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

(k) *Interest Rate on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note as determined in accordance with Condition 6(d)(iii). As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on such Note.

(l) *Interest Rate on Variable Coupon Amount Notes*

If the Variable Coupon Amount Note Provisions are specified in the relevant Final Terms as being applicable, the Interest Rate applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

## **6. Redemption, Purchase and Options**

(a) *Final Redemption*

Unless this Note is a Junior Subordinated Note, or it is previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(e) or (f), this Note will be redeemed at its Redemption Amount (which, unless otherwise provided, is its principal amount) or, in relation to a Cash-Settled Credit Linked Note, its Principal Amount Outstanding on the later of (i) the Maturity Date specified on this Note; (ii) to the extent that “Grace Period Extension” is applicable in relation to Cash-Settled Credit Linked Notes, the Business Day following the latest Grace Period Extension Date, if applicable; (iii) the Business Day following the latest Repudiation/Moratorium Evaluation Date in relation to Cash-Settled Credit Linked Notes, if applicable and (iv) the Business Day following the last Cash Settlement Date to occur. If this Note is a Junior Subordinated Note, the relevant Issuer shall not be at liberty to redeem the Note except pursuant to Condition 6(b) or (if applicable) Condition 6(e) and references to Maturity Date in these Conditions are not applicable.

(b) *Redemption for taxation reasons*

If, as a result of any amendment to or change in the laws or regulations of Luxembourg or Belgium or any political subdivision thereof or any authority or agency therein or thereof or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date, the Issuer (or, if the Guarantees were called, the Guarantor) would, on the occasion of the next payment date in respect of the Notes, be required to pay additional amounts as provided in Condition 8, the relevant Issuer may, at its option, on any Interest Payment Date or, if so specified on this Note, at any time on giving not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14 redeem all, but not some only, of the Notes at their Redemption Amount which, unless otherwise provided, is its principal amount or, in relation to a Cash-Settled Credit Linked Note, its Principal Amount Outstanding together with interest accrued to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer (or (in the case of Notes issued by Fortis Luxembourg) the Guarantor) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantees) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the relevant Issuer shall deliver to the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent a certificate signed by two persons each of whom is a Director of the relevant Issuer stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred.

(c) *Purchases*

The Issuers, the Guarantor and any of their subsidiaries may at any time purchase Notes (provided that, in the case of Bearer Notes, all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(d) *Early Redemption of Zero Coupon Notes*

(i) The Redemption Amount payable in respect of any Note the Interest Rate of which is specified to be Zero Coupon upon redemption of such Note pursuant to Condition 6(b) or, if applicable, Condition 6(e) or (f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below, the "*Amortised Face Amount*" of any such Note shall be the sum of (A) the Reference Price shown on such Note and (B) the aggregate amortisation of the difference between the Reference Price and the principal amount of such Note from its date of issue to the date on which such Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield shown on such Note compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on such Note.

(iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) or, if applicable, Condition 6(e) or (f), or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such Note together with any interest which may accrue in accordance with Condition 5(k).

(e) *Redemption at the Option of the relevant Issuer and Exercise of such Issuer's Options*

If so provided on this Note or in any event if this Note does not have a Maturity Date, the relevant Issuer shall, on such Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor giving irrevocable notice to the Noteholders falling within such Issuer's Option Period (as specified in the Final Terms) redeem, or exercise any such Issuer's option in relation to, all or (in the case only of Notes which have a Maturity Date), if so provided, some of such Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount (as specified in the Final Terms) together with interest accrued (if any) to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the relevant Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of such option the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and competent authority, stock exchange or quotation system's requirements and, if applicable, the rules and procedures of Euroclear and Clearstream Luxembourg (to be reflected in the records of Euroclear and Clearstream Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

(f) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If so provided on this Note, the relevant Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount (as specified in the Final Terms) together with interest accrued (if any) to the date fixed for redemption.

To exercise such option or any other Noteholders' option which may be set out on this Note the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("*Exercise Notice*") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent within the Noteholders' Option Period (as specified in the Final Terms). No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified on this Note) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it,

whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

All Notes redeemed by the relevant Issuer and all Notes purchased (otherwise than in the ordinary course of business of dealing in securities or as a nominee) by or on behalf of such Issuer (in the case of Notes issued by Fortis Luxembourg), the Guarantor or any of their subsidiaries will be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) and may not be reissued or resold and the obligations of such Issuer and/or (in the case of Notes issued by Fortis Luxembourg) the Guarantor in respect of any such Notes shall be discharged, and where such Notes are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange, the Issuer will forthwith inform the Luxembourg Stock Exchange of any such cancellation.

(i) *Consents*

Any redemption by the relevant Issuer of such Junior Subordinated Notes pursuant to Condition 6(b) or (if applicable) Condition 6(e) and any purchase and cancellation of such Junior Subordinated Notes pursuant to Condition 6(c) and (h) will be subject to the prior consent of the Belgian Banking, Finance and Insurance Commission (*Commissie voor Bank-, Financier- en Assurantiewezenen/ Commission bancaire, financière et des assurances*).

(j) *Early redemption in whole or in part upon the occurrence of a Credit Event*

If the Final Terms specify the Notes to be Credit Linked Notes then the Final Terms shall include a condition to permit the early redemption in whole or in part of the Notes upon the designation of an Event Determination Date (as defined in Part 4A, 4B or 4C as applicable).

**7. Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below and (in the case of Junior Subordinated Notes) subject to Condition 3(c) or (f), if such Notes have the benefit of a Junior Subordinated Guarantee, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holders, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; Provided that (i) in the case of Sterling, the cheque shall be drawn on a town clearing branch of a bank in the City of London, (ii) in the case of euro, the transfer may be to a euro account or on an account which accepts euro payments and (iii) in the case of Japanese yen, the transfer will be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

(b) *Registered Notes*

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made, subject (in the case of Junior Subordinated Notes) to Condition 3(d) or (f), if such Notes have the benefit of a Junior Subordinated Guarantee, against presentation and surrender of the relevant Notes at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (a) above.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid, subject (in the case of Junior Subordinated Notes) to Condition 3(d) or (f), if such Notes have the benefit of a Junior Subordinated Guarantee, to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "*Record Date*"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank (being a town clearing branch of a bank in the case of Sterling) in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Registrar maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency or, in the case of euro, to a euro account or an account to which euro can be paid.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the relevant Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the relevant Issuer, adverse tax consequence to such Issuer.

(d) *Payments subject to law etc*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuers and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuers and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuers will at all times maintain (i) a Fiscal Agent, (ii) a Principal Paying Agent, (iii) a Registrar in relation to Registered Notes, (iv) at least a Transfer Agent in relation to Registered Notes having a specified office in a European city outside Belgium which, so long as the Notes are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system, shall be Luxembourg and/or such other place as may be required by the rules of such other competent authority, stock exchange and/or quotation system, (v) a Calculation Agent where the Conditions so require one, (vi) at least a Paying Agent having a specified office in a European city outside Belgium which, so long as the Notes are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange shall be Luxembourg and/or such other place as may be required by the rules and regulations of such other competent authority, stock exchange and/or quotation system, and (vii) the relevant Issuer and (in the case of Notes issued by Fortis Luxembourg) the Guarantor will ensure that they maintain a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to, such Directive.

In addition, the relevant Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

For as long as any Notes issued by Fortis Bank and cleared through the X/N System, Fortis Bank nv-sa, in its capacity as Domiciliary Agent, has agreed in the Agency Agreement to perform all its duties and obligations under the Clearing Agreement and has undertaken (i) to remain a participant in such X/N System as long as possible and (ii) to appoint an appropriate substitute agent which will assume all such duties and obligations should Fortis Bank nv-sa no longer be able to do so.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

(f) *Unmatured Coupons and Receipts and unexchanged Talons*

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of that amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) If the relevant Notes so provide, upon the due date for redemption of any Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the relevant Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note, if such Note is not intended to be issued in NGN form. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(g) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "*business day*" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation and in such jurisdictions as shall be specified as "*Business Day Jurisdictions*" on the Note and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) on which the TARGET System is operating.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 9).

## 8. **Taxation**

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) (if the Guarantees were called) the Guarantor will be made without deduction or withholding for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of (in the case of Fortis Luxembourg) Luxembourg or any political subdivision thereof or any authority or agency therein or thereof having the power to tax or, where applicable, (in the case of the Guarantor) Belgium or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders, Receiptholders or, as the case may be, the Couponholders after such deduction or withholding shall equal the respective amounts which would have been receivable under these Conditions in respect of the Notes, Receipts or, as the case may be, Coupons by the Noteholders, Receiptholders and (if applicable) the Couponholders in the absence of such deduction or withholding, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) issued by Fortis Bank, where such Note, Receipt or Coupon is not cleared through the X/N System; or

(ii) issued by Fortis Bank where such Note, Receipt or Coupon is cleared through the X/N System, and where such deduction or withholding is imposed or levied because the holder (or the beneficial owner) is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Note, Receipt or Coupon and has since ceased from being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof), or is an Eligible Investor but is not holding the relevant Note, Receipt or Coupon in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities; or

(iii) presented for payment in Belgium; or

(iv) to, or to a third party on behalf of, a holder who is able to avoid such withholding or deduction by placing such Note, Receipt or Coupon in safe custody with a Belgian bank and by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or



(v) to, or to a third party on behalf of, a holder where such holder is liable to such taxes or duties in respect of such Note, Receipt or Coupon by reason of its having some connection with Belgium other than by reason only of the holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof; or

(vi) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or

(vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(viii) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union.

As used in these Conditions, "*Relevant Date*" in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 14 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation, "*Eligible Investor*" means from time to time a person who is allowed to hold securities through a so called "X account" (being an account exempted from withholding tax) in the X/N System in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994, as amended or replaced from time to time and "*X/N System*" means the book-entry clearance and settlement system operated by the National Bank of Belgium. References in these Conditions to (i) "*principal*" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "*interest*" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "*principal*" and/or "*interest*" shall be deemed to include any additional amounts which may be payable under this Condition.

## **9. Prescription**

Claims against the relevant Issuer and the Guarantor for payment in respect of the Notes, Guarantees, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **10. Events of Default**

### **(a) Notes other than Senior Subordinated Notes and Junior Subordinated Notes**

This Condition 10(a) is applicable in relation to all Senior Notes.

If any of the following events ("*Events of Default*") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount which, unless otherwise provided, is the principal amount of such Note together with accrued interest to the date of payment shall become immediately due and payable unless prior to the date that such written notice is received by the Fiscal Agent or, as the case may be, the Domiciliary Agent, the relevant Issuer or, where applicable, the Guarantor shall have cured or the relevant Issuer or, where applicable, the Guarantor shall otherwise have made good all Events of Default in respect of the Notes:

(i) default in the payment of any interest due in respect of the Notes or any of them and such default continuing for a period of 12 days; or

(ii) default by the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor in the due performance or observance of any other obligation, condition or other provision under or in relation to the Notes or the Guarantees, as the case may be, if such default is not cured within 20 days after receipt by the Fiscal Agent or, as the case may be, the Domiciliary Agent of written notice thereof given by any Noteholder requiring the same to be remedied; or

(iii) default by the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor in the payment of the principal of, or premium or prepayment charge (if any) or interest on, any other loan indebtedness of or assumed or guaranteed by the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor (which indebtedness in the case of the Guarantor has an aggregate principal amount of at least EUR 50,000,000 or its equivalent in any other currency or currencies), when and as the same shall become due and payable, if such default shall continue for more than the period of grace, if any, originally applicable thereto and the time for payment of such interest or principal has not been effectively extended, or in the event that any loan indebtedness of or

assumed by the relevant Issuer or (in the Notes issued by Fortis Luxembourg) the Guarantor (which indebtedness in the case of the Guarantor has an aggregate principal amount of at least EUR 50,000,000 or its equivalent in any other currency or currencies), shall have become repayable before the due date thereof as a result of acceleration of maturity caused by the occurrence of an event of default thereunder; or

(iv) the relevant Issuer is dissolved or wound up or otherwise ceases to exist prior to the redemption of all outstanding Notes or (in the case of Notes issued by Fortis Luxembourg) the Guarantor is dissolved or wound up or otherwise ceases to exist prior to the redemption of all outstanding Notes, except as a result of a Permitted Reorganisation, or the relevant Issuer ceases to be subsidiary of the Guarantor (save in the case of a substitution pursuant to Condition 11 (c) where the substitute is the Guarantor or the Issuer is Fortis Bank); or

(v) the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor becomes insolvent, is unable to pay its debts generally (or in the case of the Guarantor is in *staking van betaling/cessation de paiements* (suspension of payments)) as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or ceases or threatens to cease to carry on its business, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor, or if the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor commences a voluntary case or other proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, consents to the entry of an order for relief in any involuntary case or other proceeding under any such law as to the appointment of or the taking possession by a trustee, receiver, liquidator, custodian, assignee, sequestrator or similar official of the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor or of any substantial part of its property or as the winding up or liquidation of the relevant Issuer, or (in the case of Notes issued by Fortis Luxembourg) if the Guarantor applies for a *liquidation/vereffening* (liquidation) or *faillite/faillissement* (bankruptcy) or any procedures having similar or equivalent effect shall have been initiated in respect of the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor; or

(vi) a court having jurisdiction in the premises enters a decree or order for relief in respect of the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor in an involuntary case or other proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a trustee, receiver, liquidator, custodian, assignee, sequestrator or other similar official of the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed in effect for a period of 30 consecutive days; or

(vii) it becomes unlawful for the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor to perform any of their respective obligations under the Notes or the Guarantees, or any of their obligations ceases to be valid, binding or enforceable; or

(viii) the Guarantees are not or are claimed by the Guarantor not to be in full force and effect in accordance with their terms.

In this Condition:

“*Permitted Reorganisation*” means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the Guarantor under which:

(a) the whole of the business, undertaking and assets of the Guarantor are transferred to and all the liabilities and obligations of the Guarantor are assumed by the new or surviving entity either:

(i) automatically by operation of applicable law; or

(ii) the new or surviving entity assumes all the obligations of the Guarantor under the terms of the Agency Agreement, the Notes and the Guarantees as fully as if it had been named in the Agency Agreement, the Notes and the Guarantees in place of the Guarantor; and, in either case,

(b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to a European Union regulatory authority.

Any such notice by a Noteholder to the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent shall specify the serial number(s) of the Note(s) concerned.

(b) *Senior Subordinated Notes*

This Condition 10(b) is applicable in relation to Senior Subordinated Notes.

Any holder of a Senior Subordinated Note may, by notice to the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent and the relevant Issuer, declare his Note to be due and payable, and

such Note shall accordingly become immediately due and payable at its principal amount together with accrued interest to the date of repayment if an order is made or an effective resolution is passed for the bankruptcy (*faillissement/faillite*), or liquidation (*vereffening/liquidation*) of the relevant Issuer or the Guarantor, as the case may be.

(c) *Junior Subordinated Notes*

This Condition 10(c) is applicable in relation to Junior Subordinated Notes.

(i) Any holder of a Junior Subordinated Note may, by notice to the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent and the relevant Issuer, declare his Note to be due and payable, and such Note shall accordingly (subject to the provisions of Condition 3(c) or Condition 3(f), as the case may be,) become immediately due and payable at its principal amount together with accrued interest to the date of repayment and any Arrears of Interest if an order is made or an effective resolution is passed for the bankruptcy (*faillissement/faillite*), composition with creditors (*gerechtelijk akkoord/concordat judiciaire*) or liquidation (*vereffening/liquidation*) of the relevant Issuer or the Guarantor, as the case may be.

(ii) A Noteholder may at its discretion institute such proceedings against the relevant Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the relevant Issuer under the Notes or the Coupons or the Receipts (if any) provided that such Issuer shall not by virtue of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(iii) No remedy against the relevant Issuer, other than the institution of the proceedings referred to in sub-paragraph (ii) above or the proving or claiming in any winding-up of such Issuer, shall be available to the Noteholders or the Couponholders or the Receiptholders (if any) whether for the recovery of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes or the Coupons or the Receipts (if any).

(iv) In the event of an order being made or an effective resolution being passed for the winding-up, liquidation or bankruptcy of Fortis Luxembourg; then immediately thereupon and without further formality the Guarantor shall become the principal debtor under the Notes and the Coupons and the Receipts (if any) in place of Fortis Luxembourg and the Guarantees shall cease to be of any effect and the Noteholders and the Couponholders and the Receiptholders (if any) shall cease to have any rights or claims whatsoever against Fortis Luxembourg; provided that:

(A) the obligations of the Guarantor as principal debtor as aforesaid shall be subordinated to the same extent as its obligations under the Guarantees; and

(B) no Noteholder or Couponholder or Receiptholder shall, as a result of any change in principal debtor as aforesaid, be entitled to claim from Fortis Luxembourg or the Guarantor any indemnification or payment in respect of any tax consequence of such change upon individual Noteholders or Couponholders or Receiptholders except to the extent provided for by Condition 8 (save that Condition 8(i) does not apply in these circumstances).

**11. Meeting of Noteholders, Modifications and Substitution**

(a) *Meetings of Noteholders*

(i) In the case of Notes issued by Fortis Luxembourg, the Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions in so far as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in the respect thereof, (iv) if there is shown on the face of the Notes a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Minimum Interest Rate and or a Maximum Interest Rate, (v) to change any method of calculating the Redemption Amount or, in the case of Zero Coupon Notes, to change the method of calculating the Amortised Face Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to cancel or change the provisions of any Guarantee, (viii) to take any steps which this Note specifies may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (ix) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present. For the avoidance of doubt, the provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, are hereby excluded.

(ii) In the case of Notes issued by Fortis Bank, all meetings of Noteholders will be held in accordance with the provisions of Article 568 sq. of the Belgian Company Code with respect to bondholders meetings. Subject to the quorum and majority requirements set out in Article 574 of the Belgian Company Code, and if required thereunder subject to validation by the Brussels court of appeal, the meeting of Noteholders shall be entitled to modify or waive any provision of these Conditions. Resolutions duly passed in accordance with these provisions of the Belgian Company Code at any meeting of Noteholders shall be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution. A summary of such resolutions, setting out the decisions adopted at the meeting of Noteholders, shall be published in accordance with Condition 14 (*Notices*), so long as the Notes are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and its rules so require. All convening notices for meetings of Noteholders shall be made in accordance with Article 570 of the Belgian Company Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting, in the Belgian Official Gazette ("*Moniteur Belge/Belgisch Staatsblad*") and in a newspaper of national distribution in Belgium. Convening notices will also be published once, not less than eight days prior to the meeting, in accordance with Condition 14 (*Notices*).

**These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.**

(b) *Modification of Agency Agreement*

The Issuers and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) *Substitution*

An Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the "*Substitute*") which is the Guarantor (save where such Issuer is Fortis Bank), or a subsidiary of the Guarantor, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "*Deed Poll*"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon or Talon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons and Talons shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons and Talons represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Deed Poll (where the Substitute is not the Guarantor), of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (vi) the relevant Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies or, pending execution, the agreed text of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified offices of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the Guarantor not to be) in full force and effect. The Issuer and the Substitute shall also notify the Luxembourg Stock Exchange in respect of such a substitution, procure that a supplement to the Base Prospectus be prepared and comply with the relevant rules and regulations of the Luxembourg Stock Exchange and/or such other competent authority, stock exchange and/or quotation system on which the Notes are admitted to listing, trading and/or quotation.

## **12. Replacement of Notes, Receipts, Coupons and Talons**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and the regulations of the relevant competent authority, stock exchange and/or quotation system, at the specified office of such Paying Agent as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 14 (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Registered Notes), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the relevant Issuer on demand the amount payable by such Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as such Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **13. Further Issues**

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

## **14. Notices**

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and be deemed to have been given on the date of mailing, in the case of a Credit Event Notice, or in all other circumstances, on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if (A) (i) published in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*) (ii) in the case of Bearer Notes and Registered Notes which are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange (so long as such Notes are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and the rules and regulations of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or the website of the Luxembourg Stock Exchange, (iii) in the case of any Bearer Notes and Registered Notes which are admitted to trading on any other competent authority, stock exchange and/or quotation system, such other place as may be required by the rules and regulations of the relevant competent authority, stock exchange and/or quotation system and (iv) in the case of Notes issued by Fortis Bank, published in accordance with the applicable provisions of the Belgian Company Code or (B) in the case of (i), (ii) and (iii), if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe and otherwise if given in compliance with the requirements of each competent authority, stock exchange and/or quotation system on which the Notes are admitted to listing, trading and/or quotation. Notices, will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **15. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law except for (i) in the case of Notes issued by Fortis Luxembourg, Conditions 3(b) and 3(c) which shall be governed by, and construed in accordance with Luxembourg law and Conditions 3(e) and 3(f) which shall be governed by, and construed in accordance with Belgian law and (ii) in the case of Notes issued by Fortis Bank, Conditions 3(b), 3(c) and 11(a)(ii) which shall be governed by, and construed in accordance with Belgian law.

Guarantees to which Condition 3(d) applies are governed by, and shall be construed in accordance with English law.

Guarantees to which Condition 3(e) applies and Guarantees to which Condition 3(f) applies are governed by, and shall be construed in accordance with, the laws of the Kingdom of Belgium.

(b) *Jurisdiction*

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons, Talons or Guarantees and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons or Guarantees ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

Each of the Issuer and the Guarantor irrevocably appoints Fortis Bank, London Branch, Camomile Court, 23 Camomile Street, London EC3A 7PP to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the relevant Issuer or (in the case of Notes issued by Fortis Luxembourg) the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuers and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders (in the case of Notes issued by Fortis Luxembourg) of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

## PART 2: INDEX LINKED NOTES

### PART 2A: SINGLE INDEX

The terms and conditions applicable to Notes linked to a single index shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the “**General Conditions**”) and the additional Terms and Conditions set out below (the “**Single Index Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Single Index Linked Conditions, the Single Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Single Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Condition 6(a) the Final Redemption Amount payable per Note on the Maturity Date (subject to the provisions of Condition 6(l) and 6(m)) shall be an amount in the Specified Currency determined by the Calculation Agent as set forth in the Final Terms.

#### 2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means a Change in Law.

“**Averaging Dates**” means, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

“**Change in Law**” means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that the relevant Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**Disrupted Day**” means any Scheduled Trading Day on which (i) if “Multi-Exchange Index” is specified in the Final Terms, the Index Sponsor fails to publish the level of the Index or, if “Non Multi-Exchange Index” is specified in the Final Terms, the Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

“**Early Closure**” means the closure on any Exchange Business Day of the relevant Exchange(s) or Related Exchange(s), if any, prior to its/their Scheduled Closing Time unless such earlier closing time is announced by the relevant Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Exchange(s) or such Related Exchange(s) system(s) for execution at the Valuation Time on such Exchange Business Day.

“**Exchange(s)**” means, if “Non Multi-Exchange Index” is specified in the Final Terms, the Exchange specified in the Final Terms or, if “Multi-Exchange Index” is specified in the Final Terms, in respect of any securities comprised in the Index, the stock exchanges (from time to time) on which in the determination of the relevant Issuer such securities are listed for the purposes of such Index or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprised in the Index has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities underlying such Index on such successor or substitute exchange or quotation system as on the original Exchange).

“**Exchange Business Day**” means any Scheduled Trading Day on which the relevant Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding such relevant Exchange or any such relevant Related Exchange closing prior to its Scheduled Closing Time.

“**Exchange Disruption**” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, if “Multi-Exchange Index” is specified in the Final Terms, any security comprised in the Index on any relevant Exchange or, if “Non Multi-Exchange Index” is specified in the Final Terms, securities that comprise 20 per cent or more of the level of the Index on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange.

“**Expiration Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Index”** means the index specified in the Final Terms, or any Successor Index.

**“Index Cancellation”** means the Index Sponsor cancels the Index and no Successor Index exists.

**“Index Disruption”** means the Index Sponsor fails to calculate and announce the Index Level.

**“Index Level”** means, on any relevant Scheduled Trading Day, the official closing level of the Index, as calculated and published by the Index Sponsor.

**“Index Modification”** means the Index Sponsor announces that it will make (in the opinion of the relevant Issuer) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and capitalization and other routine events).

**“Index Sponsor”** means either (x) the index sponsor specified in the Final Terms or such other corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day, failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person or (y) if no such index sponsor is specified in the Final Terms, then the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day, failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person.

**“Market Disruption Event”** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines in its sole discretion is material at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, provided that, if “Multi-Exchange Index” is specified in the Final Terms, the securities comprised in the Index in respect of which an Early Closure, an Exchange Disruption and/or a Trading Disruption occurs or exists amount, in the determination of the relevant Issuer, in aggregate to 20 per cent. or more of the level of the Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Calculation Agent.

**“Observation Date”** means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Observation Period”** has the meaning ascribed to it in the Final Terms.

**“Related Exchange”** means each exchange or quotation system as the Calculation Agent determines on which trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index, or such other options or futures exchange(s) as the relevant Issuer may select, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

**“Scheduled Closing Time”** means in respect of the relevant Exchange(s) or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the relevant Exchange(s) or such Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** means (i) if “Multi-Exchange Index” is specified in the Final Terms, any day on which the Index Sponsor is scheduled to publish the level of the Index and each Related Exchange is scheduled to be open for trading for its regular trading session and (ii) if “Non Multi-Exchange Index” is specified in the Final Terms, any day on which the Exchange and each Related Exchange is scheduled to be open for trading for its regular trading session.

**“Strike Date”** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Strike Price”** means the price (if any) specified as such in the Final Terms.

**“Successor Index”** means where the Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a



successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, such successor index or index calculated and announced by the successor sponsor.

**“Trading Disruption”** means any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or the relevant Related Exchange or otherwise (i) if “Multi-Exchange Index” is specified in the Final Terms, on any relevant Exchange(s) relating to any security comprised in the Index or, if “Non Multi-Exchange Index” is specified in the Final Terms, on the Exchange relating to securities that comprise 20 per cent or more of the level of the Index, or (ii) in futures or options contracts relating to the Index on a Related Exchange.

**“Valuation Time”** means the Scheduled Closing Time on the relevant date. If the relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Condition 6(l)) the Valuation Time shall be such actual closing time.

### **3. Disrupted Days**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 6(l) as follows:

“(l) *Disrupted Days*

If the Calculation Agent determines that the Strike Date, the Expiration Date, any Averaging Date or any Observation Date, as the case may be, in respect of the Index is a Disrupted Day, then the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the relevant Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, in respect of the Index, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the Index Level on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange-traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred in respect of a relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day). Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on the Expiration Date and/or any Observation Date or Averaging Date, payment of the Final Redemption Amount any/or any amount of interest (if the payment of interest is index-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period specified in the Final Terms) following the postponed Expiration Date, Observation Date or Averaging Date, as the case may be. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount and/or any amount of interest in accordance with this Condition 6(l).

The relevant Issuer shall give notice to the holders of the Notes, in accordance with Condition 14, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes.”

### **4. Adjustments, Consequences of Certain Events and Currency**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 6(m) as follows:

“(m) *Adjustments and Currency*

- (i) Index Modification, Index Cancellation and/or Index Disruption

If the Calculation Agent determines that an Index Modification, Index Cancellation or Index Disruption has occurred or any other event or events occur which the Calculation Agent determines necessitate(s) an adjustment or adjustments to the Final Redemption Amount and/or any other relevant term of the Notes, the relevant Issuer may make any adjustment or adjustments to the Final Redemption Amount and/or any other relevant term of the Notes as it deems necessary. The relevant Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14.

(ii) Change of Exchange

If the or an Exchange is changed, the relevant Issuer may make such consequential modifications to any of the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes as it may deem necessary.

(iii) Price Correction

In the event that any price or level published on the relevant Exchange(s) or by the Index Sponsor and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange(s) or Index Sponsor(s) within three Business Days (or such other period specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the relevant Issuer will adjust the terms and conditions of the Notes to account for such correction.

(iv) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the date on which any amount is payable by the relevant Issuer), the relevant Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes as it deems necessary. The relevant Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14.

(v) Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the relevant Issuer may redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms). Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14.”

**5. Index Disclaimer**

The Notes are not sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and the Index Sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the relevant Issuer nor the Calculation Agent shall have any liability to any person for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the relevant Issuer, the Guarantor, nor the Calculation Agent has any affiliation with or control over the Index or the Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the relevant Issuer and the Calculation Agent will obtain information concerning the Index from publicly available sources they believe to be reliable, they will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the relevant Issuer, the Guarantor or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

## PART 2B: BASKET OF INDICES

The terms and conditions applicable to Notes linked to a basket of indices shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the “**General Conditions**”) and the additional Terms and Conditions set out below (the “**Basket Index Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Basket Index Linked Conditions, the Basket Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Basket Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

### 1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Condition 6(a) the Final Redemption Amount payable per Note on the Maturity Date (subject to the provisions of Condition 6(l) and 6(m)) shall be an amount in the Specified Currency determined by the Calculation Agent as set forth in the Final Terms.

### 2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means a Change in Law.

“**Averaging Dates**” means, in respect of an Index, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day in respect of the relevant Index, the next following Scheduled Trading Day in respect of that Index, in each case subject to Condition 6(l).

“**Basket**” means a basket composed of the Indices specified in the Final Terms.

“**Change in Law**” means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that the relevant Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**Disrupted Day**” means, in respect of an Index, any Scheduled Trading Day on which (i) if “Multi-Exchange Index” is specified in the Final Terms, the relevant Index Sponsor fails to publish the level of the relevant Index or, if “Non Multi-Exchange Index” is specified in relation to that Index in the Final Terms, the relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

“**Early Closure**” means, in respect of an Index, the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its/their Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Exchange(s) or such Related Exchange(s) system(s) for execution at the Valuation Time on such Exchange Business Day.

“**Exchange(s)**” means, in respect of an Index, if “Non Multi-Exchange Index” is specified in relation to that Index in the Final Terms, the Exchange specified for such Index in the Final Terms and, if “Multi-Exchange Index” is specified in relation to that Index in the Final Terms, in respect of any securities comprised in such Index, the stock exchanges (from time to time) on which in the determination of the relevant Issuer such securities are listed for the purposes of such Index or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprised in the relevant Index has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities underlying such Index on such successor or substitute exchange or quotation system as on the original Exchange).

“**Exchange Business Day**” means, in respect of an Index, any Scheduled Trading Day on which the relevant Exchange(s) and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange(s) or Related Exchange(s) closing prior to its/their Scheduled Closing Time.

“**Exchange Disruption**” means, in respect of an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, (x) if “Multi-Exchange Index” is specified in relation to that Index in the Final Terms any security comprised in such Index on any relevant Exchange and (y) if “Non Multi-Exchange Index” is specified in relation to that Index in the Final Terms, securities that comprise 20 per cent. or more of the level of

such Index on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Index on any relevant Related Exchange.

**“Expiration Date”** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Index”** means one of the indices specified in the definition of Basket or any Successor Index, and  
**“Indices”** means all such indices together.

**“Index Cancellation”** means, in respect of an Index, the Index Sponsor in respect of such Index cancels the Index and no Successor Index exists.

**“Index Disruption”** means, in respect of an Index, the Index Sponsor in respect of such Index fails to calculate and announce the Index Level.

**“Index Level”** means, in respect of an Index, on any relevant Scheduled Trading Day, the official closing level of the relevant Index, as calculated and published by the relevant Index Sponsor.

**“Index Modification”** means, in respect of an Index, the relevant Index Sponsor announces that it will make (in the opinion of the relevant Issuer) a material change in the formula for or the method of calculating such Index or in any other way materially modifies such Index (other than a modification prescribed in that formula or method to maintain such Index in the event of changes in constituent securities and capitalization and other routine events).

**“Index Sponsor”** means, in respect of an Index, either (x) the index sponsor specified in the Final Terms or such other corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day failing whom such person acceptable to the Calculation Agent who calculates and announces the relevant Index or any agent or person acting on behalf of such person or (y) if no such index sponsor is specified in the Final Terms, then the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, failing whom such person acceptable to the Calculation Agent who calculates and announces the relevant Index or any agent or person acting on behalf of such person.

**“Market Disruption Event”** means, in respect of an Index, the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines in its sole discretion is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, provided that, if “Multi-Exchange Index” is specified in relation to that Index in the Final Terms, the securities comprised in the relevant Index in respect of which an Early Closure, an Exchange Disruption and/or a Trading Disruption occurs or exists amount, in the determination of the relevant Issuer, in aggregate to 20 per cent. or more of the level of such Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a security included in the relevant Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of the relevant Index attributable to that security and (y) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Calculation Agent.

**“Observation Date”** means, in respect of an Index, each date, if any, specified as such in the Final Terms or, if any such date is not a Scheduled Trading Day in respect of such Index, the next following such Scheduled Trading Day, in each case subject to Condition 6(l).

**“Observation Period”** has the meaning ascribed to it in the Final Terms.

**“Related Exchange”** means, in respect of an Index, each exchange or quotation system as the Calculation Agent determines on which trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the relevant Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

**“Scheduled Closing Time”** means in respect of an Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or such Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** means, in respect of an Index, (i) if “Multi-Exchange Index” is specified in relation to that Index in the Final Terms, any day on which the relevant Index Sponsor is scheduled to publish the level of such Index and each Related Exchange is scheduled to be open for trading for its regular trading session and (ii) if “Non Multi-Exchange Index” is specified in relation to that Index in the Final Terms, any day on which each relevant Exchange and each Related Exchange is scheduled to be open for trading for its regular trading session.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

“**Strike Price**” means the price (if any) specified as such in the Final Terms.

“**Successor Index**” means, in respect of an Index, where such Index is (i) not calculated and announced by the relevant Index Sponsor but is calculated and announced by a successor sponsor acceptable to the relevant Issuer or (ii) replaced by a successor index using, in the determination of the relevant Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, such successor index or index calculated and announced by the successor sponsor.

“**Trading Disruption**” means, in respect of an Index, any suspension of or limitation imposed on trading by a relevant Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or relevant Related Exchange or otherwise (i) if “Multi-Exchange Index” is specified in relation to that Index in the Final Terms, on any relevant Exchange(s) relating to any security comprised in the relevant Index or, if “Non Multi-Exchange Index” is specified in relation to that Index in the Final Terms, on the Exchange relating to securities that comprise 20 per cent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time on the relevant date. If a relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Condition 6(l)) the Valuation Time shall be such actual closing time.

### **3. Disrupted Days**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 6(l) as follows:

“(l) *Disrupted Days*

If the Calculation Agent determines that the Strike Date, the Expiration Date, any Averaging Date or any Observation Date, as the case may be, is a Disrupted Day in respect of an Index, then the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, for such Index shall be the first succeeding Scheduled Trading Day in respect of such Index that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the relevant Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, is a Disrupted Day for such Index. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, for such Index, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the Index Level of such Index on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the relevant Index (or, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred in respect of a relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred in respect of an Index on the Expiration Date and/or any Observation Date or Averaging Date, payment of the Final Redemption Amount and/or amount of interest (if the payment of interest is index-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period specified in the Final Terms) following the postponed Expiration Date, Observation Date or Averaging Date, as the case may be, in respect of the Indices. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount and/or any amount of interest in accordance with this Condition 6(l). The relevant Issuer shall give notice to the holders of the Notes, in accordance with Condition 14, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes.”

### **4. Adjustments, Consequences of Certain Events and Currency**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 6(m) as follows:

“(m) *Adjustments and Currency*

- (i) Index Modification, Index Cancellation and/or Index Disruption

If the Calculation Agent determines that, in respect of any Index, an Index Modification, Index Cancellation or Index Disruption has occurred or any other event or events occur which the Calculation Agent determines necessitate(s) an adjustment or adjustments to the Final Redemption Amount and/or any other

relevant term of the Notes, the relevant Issuer may make any adjustment or adjustments to the Final Redemption Amount and/or any other relevant term of the Notes as it deems necessary. The relevant Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14.

(ii) Change of Exchange

If an Exchange is changed, the relevant Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes as it may deem necessary.

(iii) Price Correction

In the event that any price or level published on any relevant Exchange or by any relevant Index Sponsor in respect of an Index and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange or the relevant Index Sponsor within three Business Days (or such other period as specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the relevant Issuer will adjust the terms and conditions of the Notes to account for such correction.

(iv) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the date on which any amount is payable by the relevant Issuer), the relevant Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes as it deems necessary. The relevant Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14.

(v) Additional Disruption Events

If the Calculation Agent determines that an Additional Disruption Event has occurred, the relevant Issuer may redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms). Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14.”

## **5. Index Disclaimer**

The Notes are not sponsored, endorsed, sold or promoted by any of the Indices or any of the Index Sponsors and none of the Index Sponsors has made any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the relevant Index and/or the levels at which any such Index stands at any particular time on any particular date or otherwise. None of the Index Sponsors shall be liable (whether in negligence or otherwise) to any person for any error in any relevant Index and none of the Index Sponsors are under any obligation to advise any person of any error therein. The Index Sponsors have made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the relevant Issuer, the Guarantor nor the Calculation Agent shall have any liability to any person for any act or failure to act by any Index Sponsor in connection with the calculation, adjustment or maintenance of any Index. Neither the relevant Issuer, the Guarantor nor the Calculation Agent has any affiliation with or control over any of the Indices or any of the Index Sponsors or any control over the computation, composition or dissemination of the Indices. Although the relevant Issuer and the Calculation Agent will obtain information concerning the Indices from publicly available sources they believe to be reliable, they will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the relevant Issuer, the Guarantor or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning any Index.

## PART 3: EQUITY LINKED NOTES

### PART 3A: SINGLE SHARE

The terms and conditions applicable to Notes linked to a single share shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the “**General Conditions**”) and the additional Terms and Conditions set out below (the “**Equity Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, on the Maturity Date (subject to the provisions of Conditions 6(l) and 6(m)) the relevant Issuer shall (i) pay the Final Redemption Amount, which shall be an amount payable per Note in the Specified Currency determined by the Calculation Agent as set forth in the Final Terms and/or (if “Share Delivery” is specified as being applicable in the Final Terms, then in the circumstances described in the Final Terms) (ii) deliver the Share Amount(s) (subject to and in accordance with Condition 7(n)), all as further specified in the Final Terms.

#### 2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means Change in Law and/or Insolvency Filing.

“**Averaging Dates**” means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

“**Change in Law**” means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that (X) it has become illegal for the relevant Issuer to hold, acquire or dispose of the Shares, or (Y) the relevant Issuer will incur a materially increased cost in holding, acquiring or disposing of the Shares and/or performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**De-listing**” means that the Exchange announces that pursuant to its rules the Shares have ceased (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or requoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the relevant Issuer.

“**Delivery Day**” means, if “Share Delivery” is specified as being applicable in the Final Terms, a day, if any, on which the Shares comprised in the Share Amount(s) may be delivered to the Noteholders in a manner which the relevant Issuer determines to be appropriate.

“**Disrupted Day**” means any Scheduled Trading Day on which (i) the Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

“**Disruption Cash Settlement Price**” means, if “Share Delivery” is specified as being applicable in the Final Terms, in respect of each Note, an amount in the Specified Currency equal to the fair economic value of the Share Amount, as determined by the Calculation Agent in its sole discretion.

“**Early Closure**” means the closure on any Exchange Business Day of the Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on the Exchange or such Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

“**Exchange**” means the Exchange specified in the Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Shares on such successor or substitute exchange or quotation system as on the original Exchange).

**“Exchange Business Day”** means any Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding the Exchange or any such Related Exchange closing prior to its Scheduled Closing Time.

**“Exchange Disruption”** means, in respect of the Shares, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares on any Related Exchange.

**“Expiration Date”** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Extraordinary Dividend”** means, in respect of the Shares, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the relevant Issuer.

**“Final Share Price”** means the price of one Share in the Share Currency quoted on the Exchange at the Valuation Time on the Expiration Date (or such other definition, if any, as may be specified in the Final Terms), as determined by the Calculation Agent.

**“Fractional Amount”** means, if “Share Delivery” is specified as being applicable in the Final Terms, any fractional interest in one Share to which a Noteholder would be entitled pursuant to Condition 6(n)(iii).

**“Fractional Cash Amount”** means, in respect of each Noteholder, the amount (rounded to the nearest smallest transferable unit of the Specified Currency, half such a unit being rounded downwards) calculated by the Calculation Agent in accordance with the following formula and translated into the Specified Currency by the Calculation Agent:

$$\text{Fractional Cash Amount} = (\text{Final Share Price} \times \text{Fractional Amount}).$$

**“Initial Share Price”** means the price of one Share in the Share Currency quoted on the Exchange at the Valuation Time on the Strike Date (or such other definition, if any, as may be specified in the Final Terms), as determined by the Calculation Agent.

**“Insolvency”** means, in respect of the Share Issuer, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Issuer, (A) all the Shares of the Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of the Share Issuer become legally prohibited from transferring them.

**“Insolvency Filing”** means that the Calculation Agent determines that the Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

**“Market Disruption Event”** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

**“Merger Date”** means, in respect of a Merger Event, the closing date of such Merger Event or, where the Calculation Agent determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means, in respect of the Shares, any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a **“Reverse Merger”**), in each case if the Merger Date is on or before the Expiration Date (or such other date as may be specified in the Final Terms).

**“Nationalisation”** means that all the Shares of the Share Issuer or all or substantially all the assets of the Share Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.



**“New Shares”** means ordinary or common shares, whether of the entity or person (other than the Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the relevant Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

**“Observation Date”** means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Observation Period”** has the meaning ascribed to it in the Final Terms.

**“Other Consideration”** means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the Share Issuer) involved in the Merger Event or a third party).

**“Potential Adjustment Event”** means any of the following:

- (i) a subdivision, consolidation or reclassification of the Shares (unless resulting in a Merger Event), or a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the Shares of (A) Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of the Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by the Share Issuer in respect of Shares that are not fully paid;
- (v) a repurchase by the Share Issuer or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to the Share Issuer, an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares.

**“Price”** means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange (i) if “Constant Monitoring” is specified as being applicable in the Final Terms, at any given time on such Exchange Business Day or (ii) if “Valuation Time Only” is specified as being applicable in the Final Terms, at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent.

**“Related Exchange”** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Shares, or such other options or futures exchange(s) as the relevant Issuer may select, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Shares has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Shares on such temporary substitute exchange or quotation system as on the original Related Exchange).

**“Scheduled Closing Time”** means, in respect of the Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** means any day on which the Exchange and each Related Exchange is scheduled to be open for trading for its regular trading sessions.

**“Settlement Disruption Event”** means, if “Share Delivery” is specified as being applicable in the Final Terms, an event determined by the Calculation Agent to be beyond the control of the relevant Issuer as a result of which the relevant Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the relevant Issuer to transfer) the Shares comprised in the Share Amount(s) in accordance with the terms and conditions of the Notes.

“**Share Amount**” has the meaning ascribed to it in the Final Terms.

“**Share Currency**” has the meaning ascribed to it in the Final Terms.

“**Share Delivery Date**” has the meaning ascribed to it in the Final Terms.

“**Share Issuer**” has the meaning ascribed to it in the Final Terms.

“**Shares**” has the meaning ascribed to it in the Final Terms.

“**Strike Date**” means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(I).

“**Strike Price**” means the price (if any) specified as such in the Final Terms.

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent).

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or such Related Exchange or otherwise (i) relating to the Shares on the Exchange or (ii) in futures or options contracts relating to the Shares on a Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Condition 6(I)) the Valuation Time shall be such actual closing time.

### **3. Disrupted Days**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 7(I) as follows:

“(I) *Disrupted Days*

If the Calculation Agent determines that the Strike Date, the Expiration Date, any Averaging Date or any Observation Date, as the case may be, in respect of the Shares is a Disrupted Day, then the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the relevant Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, in respect of the Shares, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the price of one Share as its good faith estimate of the price of one Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on the Expiration Date and/or on any Observation Date or Averaging Date, payment of the Final Redemption Amount and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the postponed Expiration Date, Observation Date or Averaging Date, as the case may be. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount and/or any amount of interest in accordance with this Condition 6(I).

The relevant Issuer shall give notice to the holders of the Notes, in accordance with Condition 14, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes.”

#### 4. Adjustments

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 6(m) as follows:

“(m) *Adjustments, Consequences of Certain Events and Currency*

(i) Adjustments

If the Calculation Agent determines that a Potential Adjustment Event has occurred or that there has been an adjustment to the settlement terms of listed contracts on the Shares traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the terms and conditions of the Notes as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the Shares traded on that options exchange.

(ii) Consequences of a Merger Event

If the Calculation Agent determines that a Merger Event has occurred, the relevant Issuer may:

- (a) redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the Merger Date, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms), on such date as the relevant Issuer may notify to Noteholders in accordance with Condition 14; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event (provided that no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the Shares traded on such options exchange and determine the effective date of that adjustment; and/or
- (c) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the “Shares” and the “Share Issuer”, respectively, and if the Calculation Agent determines to be appropriate, the relevant Issuer will adjust any relevant terms of the Notes as it may determine.

The relevant Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Condition 14.

(iii) Consequences of a Tender Offer

If the Calculation Agent determines that a Tender Offer has occurred, then on or after the relevant Tender Offer Date the relevant Issuer may:

- (a) redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the Tender Offer Date, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms), on such date as the relevant Issuer may notify to Noteholders in accordance with Condition 14; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the Shares traded on such options exchange and determine the effective date of that adjustment.

The relevant Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Condition 14.

(iv) Nationalisation, Insolvency or De-listing

If in respect of the Shares or the Share Issuer the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a De-listing, the relevant Issuer may (i) request the Calculation Agent to

determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the other terms and conditions of the Notes to account for the Nationalisation, Insolvency or Delisting, as the case may be, and determine the effective date of that adjustment or (ii) redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Nationalisation, Insolvency or De-listing, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms). Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14.

(v) Change of Exchange

If the Exchange is changed, the relevant Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes as it may deem necessary.

(vi) Price Correction

In the event that any price or level published on the Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the Exchange within three Business Days (or such other period specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the relevant Issuer will adjust the terms and conditions of the Notes to account for such correction.

(vii) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency or the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the relevant Issuer), the relevant Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes as it deems necessary. The relevant Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14.

(viii) Additional Disruption Events

If the Calculation Agent determines that an Additional Disruption Event has occurred, the relevant Issuer may redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms). Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14.

(ix) Change in currency

If, at any time after the Issue Date, there is any change in the currency in which the Shares are quoted, listed and/or dealt on the Exchange, then the relevant Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes.”

## 5. Delivery of Share Amount

For the purposes of the Notes, if “Share Delivery” is specified as being applicable in the Final Terms, Condition 6 shall be amended by the addition of a new Condition 6(n) as follows:

“(n) *Delivery of Share Amounts*

(i) Delivery of Share Amounts

If the Notes are to be redeemed by the delivery of the Share Amounts, the relevant Issuer shall, on the Share Delivery Date, deliver or procure the delivery of the Share Amount in respect of each Note to such account in such clearing system as may be specified by the relevant Noteholder, at the risk and expense of the relevant Noteholder. If a Noteholder does not provide the relevant Issuer with sufficient instructions in a timely manner to enable the relevant Issuer to effect any required delivery of Shares, the due date for such delivery shall be postponed accordingly. The relevant Issuer shall determine whether any instructions received by it are sufficient and whether they have been received in time to enable delivery on any given date. As used herein, “delivery” in relation to any Share Amount means the carrying out of the steps required of the relevant Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Share Amount and “deliver” shall be construed accordingly. The relevant Issuer shall not be responsible for any delay or failure in the

transfer of such Share Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Shares comprising the Share Amount or any interest therein by any Noteholder or any other person.

In respect of each Share comprising the Share Amount, the relevant Issuer shall not be under any obligation to register or procure the registration of the Noteholder or any other person as the registered shareholder in any register of members of the Share Issuer. Noteholders should note that the actual date on which they become holders of the Shares comprising their Share Amount will depend, among other factors, on the procedures of the relevant clearing systems and any share registrar and the effect of any Settlement Disruption Events.

The relevant Issuer shall not at any time be obliged to account to a Noteholder for any amount or entitlement that it receives by way of a dividend or other distribution in respect of any of the Shares. Dividends and distributions in respect of the Shares which constitute a Potential Adjustment Event may however result in an adjustment being made pursuant to Condition 6(m).

Neither the relevant Issuer nor any other person shall (a) be under any obligation to deliver (or procure any other person to deliver) to the Noteholders or any other person any letter, certificate, notice, circular or any other document received by that person in its capacity as the holder of the Shares, (b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to the Shares or (c) be under any liability to the Noteholders or any subsequent beneficial owners of the Shares in respect of any loss or damage which any Noteholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being registered at any time as the legal owner of the Shares.

(ii) **Settlement Disruption**

If the relevant Issuer determines that delivery of any Share Amount in respect of any Note by the relevant Issuer in accordance with the terms and conditions of the Notes is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the Share Delivery Date in respect of such Share Amount shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given in accordance with Condition 14, provided that the relevant Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering or procuring the delivery of such Share Amount using such other commercially reasonable manner as it may select and in such event the Share Delivery Date shall be such day as the relevant Issuer deems appropriate in connection with delivery of such Share Amount in such other commercially reasonable manner. No Noteholder shall be entitled to any payment whether of interest or otherwise on such Note in the event of any delay in the delivery of the Share Amount pursuant to this paragraph and no liability in respect thereof shall attach to the relevant Issuer.

Where a Settlement Disruption Event affects some but not all of the Shares comprising the Share Amount, the Share Delivery Date for the Shares comprising such Share Amount which are not affected by the Settlement Disruption Event will be the originally designated Share Delivery Date.

For so long as delivery of the Share Amount in respect of any Note is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the relevant Issuer may elect in its sole discretion to satisfy its obligations in respect of each Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price on the third Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 14. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14.

The relevant Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 if a Settlement Disruption Event has occurred.

(iii) ***Aggregate Share Amount***

The aggregate Share Amount to which a Noteholder may be entitled will be determined on the basis of the separate (for the avoidance of doubt, not aggregate) number of Notes held by the relevant Noteholder. The relevant Issuer shall not be obliged to deliver fractions of a Share but shall be obliged to account for the Fractional Cash Amount of any such fractions to the relevant Noteholder on the Share Delivery Date and each such Share Amount to be delivered shall be rounded down to the next integral number of Shares.”

**6. Prescription**

For the avoidance of doubt, Condition 9 shall apply to the Notes and claims for delivery of any Share Amount in respect of the Notes shall become void upon the expiry of five years from the Share Delivery Date.

For the purposes of the Notes, if “Share Delivery” is specified as being applicable in the Final Terms, then, on the date that is 6 months after the Maturity Date, the Fiscal Agent on behalf of the relevant Issuer shall be entitled (i) to sell the Shares with respect to Notes not presented for reimbursement and (ii) to determine the cash amount at which the Notes will be redeemed as from such date.

## PART 3B: BASKET OF SHARES

The terms and conditions applicable to Notes linked to a basket of shares shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the “**General Conditions**”) and the additional Terms and Conditions set out below (the “**Basket Shares Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Basket Shares Linked Conditions, the Basket Shares Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Basket Shares Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

### 1. Final Redemption

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, on the Maturity Date (subject to the provisions of Conditions 6(l) and 6(m)) the relevant Issuer shall (i) pay the Final Redemption Amount, which shall be an amount payable per Note in the Specified Currency determined by the Calculation Agent as set forth in the Final Terms and/or (if “Share Delivery” is specified as being applicable in the Final Terms, then in the circumstances described in the Final Terms) (ii) deliver the Share Amount(s) (subject to and in accordance with Condition 7(n)), all as further specified in the Final Terms.

### 2. Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means Change in Law and/or Insolvency Filing.

“**Averaging Dates**” means, in respect of a Share, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

“**Basket**” means a basket composed of Shares in the relative proportions and/or numbers of Shares of each Share Issuer specified in the Final Terms.

“**Change in Law**” means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that (X) it has become illegal for the relevant Issuer to hold, acquire or dispose of any Shares, or (Y) the relevant Issuer will incur a materially increased cost in holding, acquiring or disposing of any Shares and/or performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**De-listing**” means that an Exchange announces that pursuant to its rules one or more of the Shares in the Basket has ceased (or will cease) to be listed, traded or publicly quoted on the relevant Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the relevant Issuer.

“**Delivery Day**” means, if “Share Delivery” is specified as being applicable in the Final Terms, a day, if any, on which Shares comprised in any Share Amount(s) may be delivered to the Noteholders in a manner which the Calculation Agent determines to be appropriate.

“**Disrupted Day**” means, in respect of a Share, any Scheduled Trading Day on which (i) the relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

“**Disruption Cash Settlement Price**” means, if “Share Delivery” is specified as being applicable in the Final Terms, in respect of each Note, an amount in the Specified Currency equal to the fair economic value of the relevant Share Amount, as determined by the Calculation Agent in its sole discretion.

“**Early Closure**” means, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or such Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or such Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

“**Exchange**” means, in respect of a Share, the Exchange specified for such Share in the Final Terms or otherwise the stock exchange on which such Share is, in the determination of the relevant Issuer, traded or quoted or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading

in such Share has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such successor or substitute exchange or quotation system as on the original Exchange).

**“Exchange Business Day”** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding the relevant Exchange or any relevant Related Exchange closing prior to its Scheduled Closing Time.

**“Exchange Disruption”** means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, such Share on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange.

**“Expiration Date”** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Extraordinary Dividend”** means, in respect of a Share, the characterization of a dividend or portion thereof as an Extraordinary Dividend by the relevant Issuer.

**“Final Share Price”** means, in respect of a Share, the price of one such Share in the Share Currency quoted on the relevant Exchange at the Valuation Time on the Expiration Date (or such other definition, if any, as may be specified in the Final Terms), as determined by the Calculation Agent.

**“Fractional Amount”** means, if “Share Delivery” is specified as being applicable in the Final Terms, any fractional interest in one Share to which a Noteholder would be entitled pursuant to Condition 6(n)(iii).

**“Fractional Cash Amount”** means, in respect of each Noteholder, the amount (rounded to the nearest smallest transferable unit of the Specified Currency, half such a unit being rounded downwards) calculated by the Calculation Agent in accordance with the following formula and translated into the Specified Currency by the Calculation Agent:

$$\text{Fractional Cash Amount} = (\text{Final Share Price} \times \text{Fractional Amount}).$$

**“Initial Share Price”** means, in respect of a Share, the price of one such Share in the Share Currency quoted on the relevant Exchange at the Valuation Time on the Strike Date (or such other definition, if any, as may be specified in the Final Terms), as determined by the Calculation Agent.

**“Insolvency”** means, in respect of a Share Issuer, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting such Share Issuer, (A) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

**“Insolvency Filing”** means, in respect of a Share, that the Calculation Agent determines that the relevant Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

**“Market Disruption Event”** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

**“Merger Date”** means, in respect of a Merger Event, the closing date of such Merger Event or, where the Calculation Agent determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means, in respect of one or more of the Shares in the Basket, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the relevant Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or its subsidiaries with or into another entity in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares

immediately following such event (a “**Reverse Merger**”), in each case if the Merger Date is on or before the Expiration Date (or such other date as may be specified in the Final Terms).

“**Nationalisation**” means that all the Shares of a Share Issuer or all or substantially all the assets of such Share Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**New Shares**” means ordinary or common shares, whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the relevant Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

“**Observation Date**” means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

“**Observation Period**” has the meaning ascribed to it in the Final Terms.

“**Other Consideration**” means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party).

“**Potential Adjustment Event**” means any of the following:

- (i) a subdivision, consolidation or reclassification of one or more of the Shares in the Basket (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalization or similar issue;
- (ii) a distribution, issue or dividend to existing holders of one or more of the Shares in the Basket of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Share Issuer equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the relevant Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer in respect of relevant Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Share Issuer, an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of one or more of the Shares in the Basket.

“**Price**” means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange (i) if “Constant Monitoring” is specified as being applicable in the Final Terms, at any given time on such Exchange Business Day or (ii) if “Valuation Time Only” is specified as being applicable in the Final Terms, at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent.

“**Related Exchange**” means, in respect of a Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share or such other options or futures exchange(s) as the relevant Issuer may select, any transferee exchange or quotation system or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange).



**“Scheduled Closing Time”** means, in respect of an Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** means, in respect of a Share, any day on which the relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading sessions.

**“Settlement Disruption Event”** means, if “Share Delivery” is specified as being applicable in the Final Terms, in respect of a Share, an event determined by the Calculation Agent to be beyond the control of the relevant Issuer as a result of which the relevant Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the relevant Issuer to transfer) the Shares comprised in the Share Amount(s) in accordance with the terms and conditions of the Notes.

**“Share Amount”** has the meaning ascribed to it in the Final Terms.

**“Share Currency”** has the meaning ascribed to it in the Final Terms.

**“Share Delivery Date”** has the meaning ascribed to it in the Final Terms.

**“Share Issuer”** has the meaning ascribed to it in the Final Terms.

**“Shares”** has the meaning ascribed to it in the Final Terms.

**“Strike Date”** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Condition 6(l).

**“Strike Price”** means the price (if any) specified as such in the Final Terms.

**“Tender Offer”** means, in respect of any Shares, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the relevant Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self regulatory agencies or such other information as the Calculation Agent deems relevant.

**“Tender Offer Date”** means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent).

**“Trading Disruption”** means, in respect of a Share, any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or such Related Exchange or otherwise (i) relating to such Share on such Exchange or (ii) in futures or options contracts relating to such Share on a Related Exchange.

**“Valuation Time”** means the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to that Share. If the relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Condition 6(l)) the Valuation Time shall be such actual closing time.

### **3. Disrupted Days**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 7(l) as follows:

**“(l) Disrupted Days**

If the Calculation Agent determines that the Strike Date, the Expiration Date, any Averaging Date or any Observation Date, as the case may be, is a Disrupted Day in respect of a Share, then the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, in respect of that Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of that Share, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the relevant Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, the Expiration Date, such Averaging Date or such Observation Date for such Share, as the case may be, is a Disrupted Day. In that case: (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, the Expiration Date, such Averaging Date or such Observation Date, as the case may be, for such Share notwithstanding the fact that such day is a Disrupted Day; and (b) the Calculation Agent shall determine the price of one such Share as its good faith estimate of the price of one such Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on the Expiration Date and/or on any Observation Date or Averaging Date, payment of the Final Redemption Amount and/or any amount of interest (if the payment of interest is share-linked), as the

case may be, shall be postponed to the later of (i) the Maturity Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the postponed Expiration Date, Observation Date or Averaging Date, as the case may be. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount and/or any amount of interest in accordance with this Condition 6(l).

The relevant Issuer shall give notice to the holders of the Notes, in accordance with Condition 14, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes.”.

#### **4. Adjustments**

For the purposes of the Notes, Condition 6 shall be amended by the addition of a new Condition 6(m) as follows:

“(m) *Adjustments, Consequences of Certain Events and Currency*

(i) Adjustments

If the Calculation Agent determines that a Potential Adjustment Event has occurred in respect of one or more of the Shares in the Basket or that there has been an adjustment to the settlement terms of listed contracts on one or more of the Shares in the Basket traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the terms and conditions of the Notes as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the relevant Shares traded on that options exchange.

(ii) Consequences of a Merger Event

If the Calculation Agent determines that a Merger Event has occurred in respect of one or more of the Shares in the Basket, the relevant Issuer may: (a) redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the Merger Date, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms), on such date as the relevant Issuer may notify to Noteholders in accordance with Condition 14; and/or (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event (provided that no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the relevant Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment; and/or (c) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the relevant “Shares” and the relevant “Share Issuer”, respectively, and if the Calculation Agent determines to be appropriate, the relevant Issuer will adjust any relevant terms of the Notes as it may determine. The relevant Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Condition 14.

(iii) Consequences of a Tender Offer

If the Calculation Agent determines that a Tender Offer has occurred in respect of one or more of the Shares in the Basket, then on or after the relevant Tender Offer Date the relevant Issuer may: (a) redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the Tender Offer Date, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms), on such date as the relevant Issuer may notify to Noteholders in accordance with Condition 14; and/or (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment. The relevant Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Condition 14.

(iv) Nationalisation, Insolvency or De-listing

If in respect of one or more of the Shares in the Basket or a Share Issuer the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a De-listing, the relevant Issuer may (i) request the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the other terms and conditions of the Notes to account

for the Nationalisation, Insolvency or De-listing, as the case may be, and determine the effective date of that adjustment or (ii) redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Nationalisation, Insolvency or Delisting, less the costs to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms). Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14.

(v) Change of Exchange

If an Exchange is changed, the relevant Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes as it may deem necessary.

(vi) Price Correction

In the event that any price or level published on an Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange within three Business Days (or such other period as may be specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the relevant Issuer will adjust the terms and conditions of the Notes to account for such correction.

(vii) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency or the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the relevant Issuer), the relevant Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes as it deems necessary. The relevant Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14.

(viii) Additional Disruption Events

If the Calculation Agent determines that an Additional Disruption Event has occurred in respect of one or more of the Shares in the Basket, the relevant Issuer may redeem each Note at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event, less the cost to the relevant Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the Final Terms). Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14.

(ix) Change in currencies

If, at any time after the Issue Date, there is any change in the currency in which the Shares are quoted, listed and/or dealt on the Exchange, then the relevant Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes.

## 5. Delivery of Share Amount

For the purposes of the Notes, if "Share Delivery" is specified as being applicable in the Final Terms, Condition 6 shall be amended by the addition of a new Condition 6(n) as follows:

"(n) *Delivery of Share Amounts*

(i) Delivery of Share Amounts

If the Notes are to be redeemed by the delivery of the Share Amounts, the relevant Issuer shall, on the Share Delivery Date, deliver or procure the delivery of the Share Amount in respect of each Note to such account in such clearing system as may be specified by the relevant Noteholder, at the risk and expense of the relevant Noteholder. If a Noteholder does not provide the relevant Issuer with sufficient instructions in a timely manner to enable the relevant Issuer to effect any required delivery of Shares, the due date for such delivery shall be postponed accordingly. The relevant Issuer shall determine whether any instructions received by it are sufficient and whether they have been received in time to enable delivery on any given date. As used herein, "**delivery**" in relation to any Share Amount means the carrying out of the steps required of the relevant Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Share Amount and "**deliver**" shall be construed accordingly. The relevant Issuer shall not be responsible for any delay or failure in the transfer of such Share Amount once such steps have been carried out, whether resulting from settlement periods

of clearing systems, acts or omissions of registrars or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Shares comprising the Share Amount or any interest therein by any Noteholder or any other person.

In respect of each Share comprising the Share Amount, the relevant Issuer shall not be under any obligation to register or procure the registration of the Noteholder or any other person as the registered shareholder in any register of members of the relevant Share Issuer.

Noteholders should note that the actual date on which they become holders of the Shares comprising their Share Amount will depend, among other factors, on the procedures of the relevant clearing systems and any share registrar and the effect of any Settlement Disruption Events.

The relevant Issuer shall not at any time be obliged to account to a Noteholder for any amount or entitlement that it receives by way of a dividend or other distribution in respect of any of the Shares. Dividends and distributions in respect of the Shares which constitute a Potential Adjustment Event may however result in an adjustment being made pursuant to Condition 6(m).

Neither the relevant Issuer nor any other person shall (a) be under any obligation to deliver (or procure any other person to deliver) to the Noteholders or any other person any letter, certificate, notice, circular or any other document received by that person in its capacity as the holder of the Shares, (b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to the Shares or (c) be under any liability to the Noteholders or any subsequent beneficial owners of the Shares in respect of any loss or damage which any Noteholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being registered at any time as the legal owner of the Shares.

(ii) Settlement Disruption

If the relevant Issuer determines that delivery of any Share Amount (or part thereof) in respect of any Note by the relevant Issuer in accordance with the terms and conditions of the Notes is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the Share Delivery Date in respect of such Share Amount (or part thereof) shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given in accordance with Condition 13, provided that the relevant Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering or procuring the delivery of such Share Amount (or part thereof) using such other commercially reasonable manner as it may select and in such event the Share Delivery Date shall be such day as the relevant Issuer deems appropriate in connection with delivery of such Share Amount (or part thereof) in such other commercially reasonable manner. No Noteholder shall be entitled to any payment whether of interest or otherwise on such Note in the event of any delay in the delivery of the Share Amount pursuant to this paragraph and no liability in respect thereof shall attach to the relevant Issuer.

Where a Settlement Disruption Event affects some but not all of the Shares comprising the Share Amount, the Share Delivery Date for the Shares comprising such Share Amount which are not affected by the Settlement Disruption Event will be the originally designated Share Delivery Date.

For so long as delivery of the Share Amount (or part thereof) in respect of any Note is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the relevant Issuer may elect in its sole discretion to satisfy its obligations in respect of each Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price on the third Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 14. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14.

The relevant Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 if a Settlement Disruption Event has occurred.

(iii) Aggregate Share Amount

The aggregate Share Amount to which a Noteholder may be entitled will be determined on the basis of the separate (for the avoidance of doubt, not aggregate) number of Notes held by the relevant Noteholder. The relevant Issuer shall not be obliged to deliver fractions of a Share but shall be obliged to account for the Fractional Cash Amount of any such fractions to the relevant Noteholder on the Share Delivery Date and each such Share Amount to be delivered shall be rounded down to the next integral number of Shares.”

## 6. Prescription

For the avoidance of doubt, Condition 9 shall apply to the Notes and claims for delivery of any Share Amount in respect of the Notes shall become void upon the expiry of five years from the Share Delivery Date.

For the purposes of the Notes, if “Share Delivery” is specified as being applicable in the Final Terms, then, on the date that is 6 months after the Maturity Date, the Fiscal Agent on behalf of the relevant Issuer shall be entitled (i) to sell the Shares with respect to Notes not presented for reimbursement and (ii) to determine the cash amount at which the Notes will be redeemed as from such date.

## PART 4: CREDIT LINKED NOTES

### PART 4A: FIRST-TO-DEFAULT CREDIT LINKED NOTES WITH PHYSICAL SETTLEMENT

The terms and conditions applicable to First-to-Default Credit Linked Notes with physical settlement shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the “**General Conditions**”) and the additional Terms and Conditions set out below (the “**FTD Physical Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the FTD Physical Conditions set out below, the FTD Physical Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the FTD Physical Conditions and (ii) the Final Terms, the Final Terms shall prevail.

If Credit Linked Notes type 1 is shown as being applicable in the relevant Final Terms, then the FTD Physical Conditions will incorporate the notional credit default swap confirmation 1 mentioned below (“**CDS Confirmation 1**”). The relevant amounts, dates, terms and information of the CDS Confirmation 1 will be completed in the relevant Final Terms.

#### CDS CONFIRMATION 1

The purpose of this confirmation and any schedules hereto (this “**Confirmation**”) is to confirm the terms and conditions of the notional credit default swap deemed to be entered into between two notional counterparties (“**Seller**” and “**Buyer**”) on the Trade Date specified below and is not an actual transaction (the “**Notional Credit Default Swap**”) for the purposes of which the Issuer shall be deemed to be the buyer. One or more new notional credit default swaps (each a “**Notional Credit Default Swap**”) will be deemed entered on the occurrence of a Succession Event or a Partial Exercise Event, as defined in this Confirmation. Each such Notional Credit Default Swap shall be governed by a separate Confirmation, and the terms of this Confirmation shall apply to each such Notional Credit Default Swap separately as set out herein.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and as further supplemented, should at any time the Calculation Agent consider such to be applicable, by the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity, published on 21 January 2005 (the Monoline Supplement), (together, the “**Credit Derivatives Definitions**”), as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

The purpose of this Confirmation is to set out the mechanics under which:

- (i) it is determined that the Conditions to Settlement are satisfied with respect to any Notional Credit Default Swap and, if satisfied, whether such satisfaction of the Conditions to Settlement could lead to a Partial Exercise Event and the consequences thereof;
- (ii) the date on which the Conditions to Settlement are satisfied and the Event Determination Date with respect to any Notional Credit Default Swap are determined;
- (iii) the Deliverable Obligation(s) with respect to each Notional Credit Default Swap in respect of which the Conditions to Settlement are satisfied, are determined, and
- (iv) the occurrence of a Succession Event or Partial Exercise Event with respect to any Notional Credit Default Swap shall be determined, whereby:
  - (I) in the case of a Succession Event:
    - a. the aggregate of the Notional Amounts of all Notional Credit Default Swap(s) shall be equal to the Notional Amount of the relevant Notional Credit Default Swap to which such Succession Event relates,
    - b. the Reference Entities with respect to each Notional Credit Default Swap shall be determined in accordance with the provisions described in section 5 hereunder; and
    - c. the Notional Credit Default Swap to which the Succession Event relates shall cease to be in force; and,
  - (II) in the case of a Partial Exercise Event, the Notional Amount of the new Notional Credit Default Swap shall be equal to the Notional Amount of the relevant Notional Credit Default Swap to which such Partial Exercise Event relates less the Exercise Amount, and the original Notional Credit Default Swap shall remain in force.

## Notional Credit Default Swap

For the avoidance of doubt, each Notional Credit Default Swap which is deemed to be entered into in accordance with the terms of a Confirmation shall at all times be deemed to be a Notional Credit Default Swap in relation to the Notes.

The Settlement Terms shall apply solely to one Reference Entity, which shall be the first Reference Entity with respect to which an Event Determination Date occurs or, if an Event Determination Date occurs in respect of more than one Reference Entity on the same day, the Reference Entity in respect of which the Credit Event Notice and the Notice of Publicly Available Information was first delivered on such day (such entity, the “**Affected Reference Entity**”). This limitation shall apply to each Notional Credit Default Swap separately if more than one Notional Credit Default Swap arises pursuant to Sections 2.2 or 3.9 of the Credit Derivatives Definitions, as defined in this Confirmation.

Fortis Bank nv-sa, as calculation agent in respect of the Notes, will act as Calculation Agent in respect of the Notional Credit Default Swap as well as Buyer and will make any calculations or determinations, exercise any discretion or take any other action that would be required or permitted to be made or taken by the Calculation Agent or the Buyer pursuant to the relevant Notional Credit Default Swap, as if that Notional Credit Default Swap were actually in existence and any such determination or calculation that it makes, and any other action that it takes, each in accordance with the terms set out therein, shall be deemed to have been duly made or taken pursuant to the Notional Credit Default Swap.

For the avoidance of doubt, any calculations or determinations made, or any other action taken by the Calculation Agent in respect of the Notional Credit Default Swap shall be subject to Section 1.14 of the Credit Derivatives Definitions. Any requirement for the Calculation Agent to consult with any of the parties shall be deemed not to apply.

Any statement in writing which has been signed by two authorised signatories of Fortis Bank nv-sa, copied to the Issuer, is expressed to be a notice given pursuant to the Notional Credit Default Swap and specifies whether such notice is given on behalf of the Buyer or the Calculation Agent under the Notional Credit Default Swap, shall upon receipt of such notice by the Issuer, be deemed to have been duly given to the Buyer and/or the Calculation Agent under the Credit Default Swap, as the case may be, pursuant to that Notional Credit Default Swap. Any right of the Buyer or the Calculation Agent to serve any notice contemplated by the Notional Credit Default Swap otherwise than in writing shall be deemed not to apply.

The terms of the original Notional Credit Default Swap are as follows:

### 1. General Terms:

Trade Date: [ ].

Effective Date: [ ].

Scheduled Termination Date: Scheduled Maturity Date under the Notes.

Calculation Agent: Fortis Bank nv-sa.

Calculation Agent City: Brussels.

Business Days for all purposes other than the calculation and payment of the Interest Amounts and Calculation Agent City Business Day: In respect of a Reference Entity, the Business Days specified in the applicable Standard Terms (each such day being a “**Transaction Day**”). In the event that due to the application of the relevant Transaction Days, settlement would otherwise occur on a day that is not a Currency Day, such settlement shall occur in accordance with the terms of this Transaction on the first Currency Day to occur after such day.

Business Day Convention: Following (which, subject to Sections 1.4 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).

Reference Entity: The Reference Entities are composed of:

(a) the following Reference Entities (which will be considered to be European Reference Entities):

[ ]

(b) the following Reference Entities (which will be considered to be US Reference Entities):

[ ]

(c) the following Reference Entities (which will be considered to be Asian Entities)

[ ]

(d) the following Reference Entities (which will be considered to be Japanese Entities)

[ ]

(e) the following Reference Entities (which will be considered to be Australian Entities)

[ ]

(f) the following Reference Entities (which will be considered to be New Zealand Entities)

[ ]

(g) the following Reference Entities (which will be considered to be Singapore Entities)

[ ]

(h) the following Reference Entities (which will be considered to be Subordinated European Insurance Entities)

[ ]

(i) the following Reference Entities (which will be considered to be Latin American Entities)

[ ]

(j) the following Reference Entities (which will be considered to be Asian Sovereigns Entities)

[ ]

(k) the following Reference Entities (which will be considered to be European Emerging Markets and Middle Eastern Sovereigns Entities)

[ ]

(l) the following Reference Entities (which will be considered to be Japanese Sovereigns Entities)

[ ]

(m) the following Reference Entities (which will be considered to be Australian Sovereigns Entities)

[ ]

(n) the following Reference Entities (which will be considered to be New Zealand Sovereigns Entities)

[ ]

(o) the following Reference Entities (which will be considered to be Singapore Sovereigns Entities)

[ ]

(p) the following Reference Entities (which will be considered to be Latin American Sovereigns Entities)

[ ]

(q) the following Reference Entities (which will be considered to be Western European Sovereigns Entities)

[ ]

Each such European Reference Entity, US Reference Entity, Asian Reference Entity, Japanese Reference Entity, Australian Reference Entity, New Zealand Reference Entities, Singapore Reference Entity, Subordinated European Insurance Entity, Latin American Entity, Asian Sovereigns Entities, European Emerging Markets and Middle Eastern Sovereigns Entities, Japanese Sovereigns Entities, Australian Sovereigns Entities, New Zealand Sovereigns Entities; Singapore Sovereigns Entities, Latin American Sovereigns Entities and Western European Sovereigns Entities, and, in each case, any Successor, shall be Reference Entities.

Each Reference Entity has been designated a particular "Entity Type" in Schedule A. References in this Confirmation to "Standard Terms" means in respect of a Reference Entity the corresponding standard terms specified for its Entity Type in the relevant Annex to Schedule B.

Reference Price: [ ] per cent.

Reference Obligation(s): The obligation(s) (if any) identified as such in respect of a Reference Entity in Schedule A. The parties agree that such obligation may be used as, *inter alia*, an Obligation or Deliverable Obligation in respect of the relevant Reference Entity notwithstanding that the Primary Obligor of such obligation may not be the same entity as the applicable Reference Entity.

Substitution [Applicable] / [Not applicable].

All Guarantees: In respect of a Reference Entity, "Applicable" or "Not Applicable" shall apply as specified in the applicable Standard Terms.

## 2. Fixed Payments

Not Applicable.

## 3. Floating Payments:

Floating Rate Payer Calculation Amount: With respect to any day, the Notional Amount (as adjusted from time to time in accordance with Section 2.2 and Section 3.9 of Credit Derivatives Definitions).

Notional Amount: [ ] or any other amount pursuant to the application of the Successor Provisions or Partial Exercise Provisions defined in paragraph 5 and 6 of this Confirmation.

Exercise Amount: Where an Event Determination Date occurs and Restructuring is the only Credit Event specified in the Credit Event Notice, the Exercise Amount shall mean the amount specified by the Notifying Party in accordance with Section 3.9 of the Credit Derivatives Definitions and the provisions contained in this Confirmation (the "**Partial Exercise Amount**", as further defined in section 5 of this Confirmation).

With respect to (a) any Credit Event other than Restructuring or (b) any Credit Event in respect of any Reference Entity to which Section 3.9 of the Credit Derivatives Definitions shall not apply as stated in the applicable Standard Terms, the Exercise Amount shall be equal to the Floating Rate Payer Calculation Amount (and not a portion thereof).

Conditions to Settlement: Credit Event Notice

Notifying Party: The Buyer.

Notice of Physical Settlement.

Notice of Publicly Available Information Applicable.

The parties agree that the Settlement Terms shall apply in relation to the first Reference Entity in respect of which an Event Determination Date occurs (any such entity being the "**Affected Reference Entity**" as defined in the Preamble).



Credit Events: In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.

Obligation(s): In respect of an Affected Reference Entity, the applicable Obligations thereof shall be determined in accordance with Section 2.14 of the Credit Derivatives Definitions on the basis of the Obligation Category and the Obligation Characteristic(s) specified in the applicable Standard Terms.

Excluded Obligation(s): None.

**4. Settlement Terms:**

Settlement Method: Physical Settlement.

Settlement Currency: [ ].

**Terms relating to Physical Settlement:**

Physical Settlement Amount: The Floating Rate Payer Calculation Amount (after taking into account paragraph 6 of this Confirmation).

Physical Settlement Period: The Physical Settlement Period identified in the applicable Standard Terms for the Affected Reference Entity.

Deliverable Obligations: “Exclude Accrued Interest” or “Include Accrued Interest” shall apply as specified in the applicable Standard Terms for the Affected Reference Entity.

Deliverable Obligations: In respect of an Affected Reference Entity, in accordance with Section 2.15 of the Credit Derivatives Definitions on the basis of the Deliverable Obligation Category and Deliverable Obligation Characteristic(s) specified in the applicable Standard Terms.

Excluded Deliverable Obligations: Any obligations of a Reference Entity other than the Affected Reference Entity.

Partial Cash Settlement of Consent Required Loans: Not Applicable.

Partial Cash Settlement of Assignable Loans: Not Applicable.

Partial Cash Settlement of Participations: Not Applicable.

Escrow: Not Applicable.

Delivery Limitation: The following provision shall apply to the Affected Reference Entity if Delivery Limitation is specified as “Applicable” in the applicable Standard Terms:

“With respect to a Notional Credit Default Swap in respect of which the Conditions to Settlement have been satisfied, notwithstanding Section 1.7 or any provisions of Section 9.9 or Section 9.10 to the contrary, but without prejudice to Section 9.3 and (where applicable) Sections 9.4, 9.5 and 9.6 if the Termination Date has not occurred on or prior to the date that is 60 Business Days following the Physical Settlement Date, such 60<sup>th</sup> Business Day shall be deemed to be the Termination Date with respect to this Notional Credit Default Swap except in relation to any portion of the Notional Credit Default Swap (an “**Affected Portion**”) in respect of which:

- (1) a valid notice of Buy-in Price has been delivered that is effective fewer than three Business Days prior to such 60<sup>th</sup> Business Day, in which case the Termination Date for that Affected Portion shall be the third Business Day following the date on which such notice is effective; or
- (2) Buyer has purchased but not Delivered Deliverable Obligations validly specified by Seller pursuant to Section 9.10(b), in which case the Termination Date for that Affected Portion shall be the tenth Business Day following the date on which Seller validly specified

such Deliverable Obligations to Buyer.”

## 5. Successor Provisions:

- Succession Event
- Amendments to Section 2.2 of the Credit Derivatives Definitions:
- (1) Section 2.2(a) of the Credit Derivatives Definitions is amended as follows:
    - (a) the words "for the entire Credit Derivative Transaction" shall be deleted from Sections 2.2(a)(i) and 2.2(a)(ii) and replaced with the words "of the Reference Entity";
    - (b) the words "New Credit Derivative Transaction " shall be deleted from Sections 2.2(a)(iii) and 2.2(a)(iv) and replaced with the words " new Notional Credit Default Swap ";
    - (c) the words "Credit Derivative Transaction " shall be deleted from Section 2.2(a)(v); and replaced with the words "Notional Credit Default Swap";
  - (2) Section 2.2(e)(i) of the Credit Derivatives Definitions is replaced in its entirety with the following:

“each Successor will be a Reference Entity for the purposes of one of the Notional Credit Default Swap each, and each of the Reference Entities that is not a subject of the applicable Succession Event shall be a Reference Entity for the purposes of each and every one of the Notional Credit Default Swaps;”
  - (3) Section 2.2(d) of the Credit Derivatives Definitions is replaced in its entirety with the following:

“(d) Where:

    - (i) a Reference Obligation has been specified with respect to a Reference Entity;
    - (ii) one or more Successors to the Reference Entity have been identified; and
    - (iii) any one or more Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the provisions of Section 2.30 with respect to each such Successor.”
  - (4) Section 2.2(e) shall be replaced in its entirety by the following:

“Where, pursuant to Section 2.2(a) above, one or more Successors have been identified in relation to a particular Reference Entity, the Notional Credit Default Swap to which such Succession Event relates shall be divided into the same number of Notional Credit Default Swaps as the number of Successors (each a new "**Notional Credit Default Swap**"). Each such Notional Credit Default Swap will include one of the Successors together with the other Reference Entities that were not subject to the Succession Event. The Notional Amount in respect thereof shall be equal to the Notional Amount of the Original Notional Credit Default Swap divided by the number of Successors. The Reference Entity Type of each Successor with respect to each new Notional Credit Default Swap shall be the same as the Reference Entity Type of the Reference Entity to which such Succession Event relates.” All other terms and conditions of the original Notional Credit Default Swap will be replicated in each new Notional Credit Default Swap except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Notional Credit Default Swap in the new Notional Credit Default Swap (considered in aggregate).
- Treatment of certain Succession
- Where any Reference Entity (the “**Surviving Reference Entity**”) (other than the Reference Entity that is subject to the Succession Event) would be a



**SCHEDULE A**

Reference Entity:	Reference Obligation:	Entity Type:
[Name]	Primary Obligor: [ ] Guarantor: [ ] Maturity: [ ] Coupon: [ ] CUSIP/ISIN: [ ]	[European Corporate North American Corporate Asian Corporate Japanese Corporate Australian Corporate New Zealand Corporate Singapore Corporate Asian Sovereigns European Emerging Markets and Middle Eastern Sovereigns Japanese Sovereigns Australian Sovereigns New Zealand Sovereigns Singapore Sovereigns Latin American Sovereigns Western European Sovereigns ]

**SCHEDULE B**

**STANDARD TERMS**

The standard terms relating to each Entity Type are set out in Part 5D.

## PART 4B: FIRST-TO-DEFAULT CREDIT LINKED NOTES WITH CASH SETTLEMENT

The terms and conditions applicable to First-to-Default Credit Linked Notes with cash settlement shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**FTD Cash Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the FTD Cash Conditions set out below, the FTD Cash Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the FTD Cash Conditions and (ii) the Final Terms, the Final Terms shall prevail.

If Credit Linked Notes type 2 is shown as being applicable in the relevant Final Terms, then the FTD Cash Conditions will incorporate of the notional credit default swap confirmation 2 mentioned below ("**CDS Confirmation 2**"). The relevant amounts, dates, terms and information of the CDS Confirmation 2 will be completed in the relevant Final Terms.

### CDS CONFIRMATION 2

The purpose of this confirmation and any schedules hereto (this "**Confirmation**") is to confirm the terms and conditions of a notional credit default swap deemed to be entered into between two notional counterparties ("**Seller**" and "**Buyer**") on the Trade Date specified below and is not an actual transaction (the "**Notional Credit Default Swap**") for the purposes of which the Issuer shall be deemed to be the Buyer. One or more new notional credit default swaps (each a "**Notional Credit Default Swap**") will be deemed entered on the occurrence of a Succession Event or a Partial Exercise Event, as defined in this Confirmation. Each such Notional Credit Default Swap shall be governed by a separate Confirmation, and the terms of this Confirmation shall apply to each such Notional Credit Default Swap separately as set out herein.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and as further supplemented, should at any time the Calculation Agent consider such to be applicable, by the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity, published on 21 January 2005 (the "**Monoline Supplement**"), (together, the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

The purpose of this Confirmation is to set out the mechanics under which:

- (i) it is determined that the Conditions to Settlement are satisfied with respect to any Notional Credit Default Swap and, if satisfied, whether such satisfaction of the Conditions to Settlement could lead to a Partial Exercise Event and the consequences thereof;
- (ii) the date on which the Conditions to Settlement are satisfied and the Event Determination Date with respect to any Notional Credit Default Swap are determined;
- (iii) the Redemption Amount upon Default with respect to each Notional Credit Default Swap in respect of which the Conditions to Settlement are satisfied, is determined; and
- (iv) the occurrence of a Succession Event or Partial Exercise Event with respect to any Notional Credit Default Swap shall be determined, whereby:
  - (I) in the case of a Succession Event:
    - a. the aggregate of the Notional Amounts of all Notional Credit Default Swap(s) shall be equal to the Notional Amount of the relevant Notional Credit Default Swap to which such Succession Event relates,
    - b. the Reference Entities with respect to each Notional Credit Default Swap shall be determined in accordance with the provisions described in section 5 hereunder; and
    - c. the Notional Credit Default Swap to which the Succession Event relates shall cease to be in force; and,
  - (II) in the case of a Partial Exercise Event, the Notional Amount of the new Notional Credit Default Swap shall be equal to the Notional Amount of the relevant Notional Credit Default Swap to which such Partial Exercise Event relates less the Exercise Amount, and the original Notional Credit Default Swap shall remain in force.

### Notional Credit Default Swap

For the avoidance of doubt, each Notional Credit Default Swap which is deemed to be entered into in accordance with the terms of a Confirmation shall at all times be deemed to be a Notional Credit Default Swap in relation to the Notes.

The Settlement Terms shall apply solely to one Reference Entity, which shall be the first Reference Entity with respect to which an Event Determination Date occurs or, if an Event Determination Date occurs in respect of more than one Reference Entity on the same day, the Reference Entity in respect of which the Credit Event Notice and the Notice of Publicly Available Information was first delivered on such day (such entity, the "Affected Reference Entity"). This limitation shall apply to each Notional Credit Default Swap separately if more than one Notional Credit Default Swap arises pursuant to Sections 2.2 or 3.9 of the Credit Derivatives Definitions, as defined in this Confirmation.

Fortis Bank nv-sa, as calculation agent in respect of the Notes, will act as Calculation Agent in respect of the Notional Credit Default Swap as well as Buyer and will make any calculations or determinations, exercise any discretion or take any other action that would be required or permitted to be made or taken by the Calculation Agent or the Buyer pursuant to the relevant Notional Credit Default Swap (including, without limitation to the generality of the foregoing, the selection of Valuation Obligations and the notification of such Valuation Obligations, each in accordance with the terms thereof) as if that Notional Credit Default Swap were actually in existence and any such determination or calculation that it makes, and any other action that it takes, each in accordance with the terms set out therein, shall be deemed to have been duly made or taken pursuant to the Notional Credit Default Swap.

For the avoidance of doubt, any calculations or determinations made, or any other action taken by the Calculation Agent in respect of the Notional Credit Default Swap shall be subject to Section 1.14 of the Credit Derivatives Definitions. Any requirement for the Calculation Agent to consult with any of the parties shall be deemed not to apply.

Any statement in writing which has been signed by two authorised signatories of Fortis Bank nv-sa, copied to the Issuer, is expressed to be a notice given pursuant to the Notional Credit Default Swap and specifies whether such notice is given on behalf of the Buyer or the Calculation Agent under the Notional Credit Default Swap, shall upon receipt of such notice by the Issuer, be deemed to have been duly given to the Buyer and/or the Calculation Agent under the Credit Default Swap, as the case may be, pursuant to that Notional Credit Default Swap. Any right of the Buyer or the Calculation Agent to serve any notice contemplated by the Notional Credit Default Swap otherwise than in writing shall be deemed not to apply.

The terms of the original Notional Credit Default Swap are as follows:

**1. General Terms:**

- Trade Date: [ ]
- Effective Date: [ ]
- Scheduled Termination Date: Scheduled Maturity Date under the Notes.
- Calculation Agent: Fortis Bank nv-sa.
- Calculation Agent City: Brussels.
- Business Days for all purposes other than the calculation and payment of the Interest Amounts and Calculation Agent City Business Day: In respect of a Reference Entity, the Business Days specified in the Applicable Standard Terms (each such day being a "Transaction Day").  
For all other purposes and unless otherwise provided for herein, [ ] Settlement Day."
- Business Day Convention: Following (which, subject to Sections 1.4 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).
- Reference Entity: The Reference Entities are composed of:
  - (a) the following Reference Entities (which will be considered to be European Reference Entities):  
[ ]
  - (b) the following Reference Entities (which will be considered to be US Reference Entities):  
[ ]
  - (c) the following Reference Entities (which will be considered to be Asian Entities)  
[ ]

(d) the following Reference Entities (which will be considered to be Japanese Entities)

[ ]

(e) the following Reference Entities (which will be considered to be Australian Entities)

[ ]

(f ) the following Reference Entities (which will be considered to be New Zealand Entities)

[ ]

(g ) the following Reference Entities (which will be considered to be Singapore Entities)

[ ]

(h ) the following Reference Entities (which will be considered to be Subordinated European Insurance Entities)

[ ]

(i ) the following Reference Entities (which will be considered to be Latin American Entities)

[ ]

(j) the following Reference Entities (which will be considered to be Asian Sovereigns Entities)

[ ]

(k) the following Reference Entities (which will be considered to be European Emerging Markets and Middle Eastern Sovereigns Entities)

[ ]

(l) the following Reference Entities (which will be considered to be Japanese Sovereigns Entities)

[ ]

(m) the following Reference Entities (which will be considered to be Australian Sovereigns Entities)

[ ]

(n) the following Reference Entities (which will be considered to be New Zealand Sovereigns Entities)

[ ]

(o) the following Reference Entities (which will be considered to be Singapore Sovereigns Entities)

[ ]

(p) the following Reference Entities (which will be considered to be Latin American Sovereigns Entities)

[ ]

(q) the following Reference Entities (which will be considered to be Western European Sovereigns Entities)

[ ]

Each such European Reference Entity, US Reference Entity, Asian Reference Entity, Japanese Reference Entity, Australian Reference Entity, New Zealand Reference Entities, Singapore Reference Entity, Subordinated European Insurance Entity, Latin American Entity, Asian Sovereigns Entities,



European Emerging Markets and Middle Eastern Sovereigns Entities, Japanese Sovereigns Entities, Australian Sovereigns Entities, New Zealand Sovereigns Entities; Singapore Sovereigns Entities, Latin American Sovereigns Entities and Western European Sovereigns Entities, and, in each case, any Successor, shall be Reference Entities.

Each Reference Entity has been designated a particular "Entity Type" in Schedule A. References in this Confirmation to "Standard Terms" means in respect of a Reference Entity the corresponding standard terms specified for its Entity Type in the relevant Annex to Schedule B.

Reference Price: [ ] per cent.

Reference Obligation(s): The obligation(s) if any identified as such in respect of a Reference Entity in Schedule A. The parties agree that such obligation may be used as, *inter alia*, an Obligation or Valuation Obligation in respect of the relevant Reference Entity notwithstanding that the Primary Obligor of such obligation may not be the same entity as the applicable Reference Entity.

Substitution: [Applicable] / [Not applicable].

All Guarantees: In respect of a Reference Entity, "Applicable" or "Not Applicable" shall apply as specified in the applicable Standard Terms.

## 2. Fixed Payments:

Not Applicable.

## 3. Floating Payments:

Floating Rate Payer Calculation Amount: With respect to any day, the Notional Amount (as adjusted from time to time in accordance with Section 2.2 and Section 3.9 of Credit Derivatives Definitions).

Notional Amount: [ ] or any other amount pursuant to the application of the Successor Provisions or Partial Exercise Provisions defined in paragraph 5 and 6 of this Confirmation.

Exercise Amount Where an Event Determination Date occurs and Restructuring is the only Credit Event specified in the Credit Event Notice, the Exercise Amount shall mean the amount specified by the Notifying Party in accordance with Section 3.9 of the Credit Derivatives Definitions and the provisions contained in this Confirmation (the "**Partial Exercise Amount**", as further defined in section 6 of this Confirmation).

With respect to (a) any Credit Event other than Restructuring or (b) any Credit Event in respect of any Reference Entity to which Section 3.9 of the Credit Derivatives Definitions shall not apply as stated in the applicable Standard Terms, the Exercise Amount shall be equal to the Floating Rate Payer Calculation Amount (and not a portion thereof).

Conditions to Settlement: Credit Event Notice

Notifying Party: The Buyer.

Notice of Publicly Available Information: Applicable.

The parties agree that the Settlement Terms shall apply in relation to the first Reference Entity in respect of which an Event Determination Date occurs (any such entity being the "**Affected Reference Entity**" as defined in the Preamble).

Credit Events: In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.

Obligation(s): In respect of an Affected Reference Entity, the applicable obligations thereof shall be determined in accordance with Section 2.14 of the Credit Derivatives Definitions on the basis of the Obligation Category and the Obligation Characteristic(s) specified in the applicable Standard Terms.

Excluded Obligation(s): None.

#### 4. Settlement Terms:

Settlement Method: Cash Settlement.

Settlement Currency: [ ].

##### Terms relating to Cash Settlement:

Event Determination Date With respect to a Reference Entity, any date on which the Conditions to Settlement are satisfied.

Notice Delivery Period Section 1.9 of the Credit Derivatives Definitions shall be deleted and replaced by the following:

**"Notice Delivery Period"** means the period from and including the Effective Date to and including the Scheduled Termination Date."

Valuation Business Day: A day on which commercial banks and foreign exchange markets are generally open to settle payments in [ ] is open for business.

Cash Settlement Amount: Means an amount calculated on the Calculation Date by the Calculation Agent equal to the aggregate of the Valuation Obligation Loss Amounts determined for each Valuation Obligation in the Valuation Portfolio. Although a Cash Settlement Amount will be calculated, no party shall be obliged to make any payment or delivery in respect thereof. For the avoidance of doubt, the Cash Settlement Amount will be used for the purpose of calculating the amounts payable under the Notes.

Cash Settlement Date: 3 Business Days after the Calculation Date.

Valuation Date: Multiple Valuation Dates: the First Valuation Date shall be the 60<sup>th</sup> Valuation Business Day following the Event Determination Date. Thereafter, there shall be two further Valuation Dates, each commencing on the 5<sup>th</sup> Valuation Business Day immediately following a quotation being obtained or be deemed to be obtained in respect of the immediately preceding Valuation Date.

In respect of any Valuation Date, on or about 11.00 a.m. in the Quotation City applicable to the relevant Valuation Obligation, except that, if such Valuation Time is earlier than 9 am (Brussels time), it shall be postponed to 9 am Brussels time and if such Valuation Time is later than 4 pm (Brussels time), it shall be advanced to 4 pm (Brussels time).

Quotation City: Means the city as reasonably determined by the Calculation Agent as being the city where the principal trading market is located for the relevant Valuation Obligations which form part of the Valuation Portfolio. For the avoidance of doubt, the Quotation City need not be the city located in the country of incorporation of the Reference Entity. The Calculation Agent will notify the Buyer and the Seller of the Quotation City five Valuation Business Days prior to the first Valuation Date.

Quotation Method: Bid

Determination of Quotations: Section 7.7 (a) and (b) of the Credit Derivatives Definitions shall be deleted and replaced with the following:

"(a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Valuation Business Day within three Valuation Business Days of a Valuation Date, the Calculation Agent shall attempt to obtain Full Quotations from Five Dealers up to, and including, the earlier of tenth Business Day following the relevant Valuation Date and the Valuation Business Day on which a Full Quotation and a Weighted Average Quotation or two Full Quotations were obtained on such Valuation Business Day.

(b) If the Calculation Agent is unable to obtain (i) at least two Full

Quotations or (ii) one or more Full Quotation and a Weighted Average Quotations on the same Valuation Business Day on or prior to the tenth Valuation Business Day following the applicable Valuation Date, then the Calculation Agent shall attempt to obtain at least one Full Quotation, a Weighted Average Quotation or a Partial Weighted Average Quotation on Valuation Business Days to, and including, the earlier of the fifteenth Valuation Business Day following the relevant Valuation Date and Valuation Business Day on which it obtains such a Full Quotation, Weighted Average Quotation or Partial Weighted Average Quotation.

If the Calculation Agent is unable to obtain on the same Valuation Business Day at least one Full Quotation, a Weighted Average Quotation or a Partial Weighted Average Quotation by the fifteenth Valuation Business Day following the relevant Valuation Date, the Calculation Agent will exercise its reasonable discretion into determining a Quotation which shall apply to such Valuation Date, acting in good faith and in a commercially reasonable manner.

If, on or prior to the tenth Valuation Business Day following the applicable Valuation Date, the Calculation Agent obtains on the same Valuation Business Day, at least two Full Quotations, or one or more Full Quotation and a Weighted Average Quotations, such Full Quotations or such Full Quotations and such Weighted Average Quotation shall be considered as Quotations.

If, after the tenth Valuation Business Day following the applicable Valuation Date, but on or prior to the fifteenth Valuation Business Day following the applicable Valuation Date, the Calculation Agent obtains at least one Full Quotation or a Weighted Average Quotation or a Partial Weighted Average Quotation, such Full Quotations or such Weighted Average Quotation or such Partial Weighted Average Quotation shall be considered as a Quotation.”

Quotations:

Exclude Accrued Interest

Dealers:

Notwithstanding anything to the contrary in the Credit Derivatives Definitions, each Dealer shall be a dealer, or a principal affiliate thereof, in obligations of the type of the Valuation Obligations of the relevant Reference Entity, as identified by its Identification Number and its legal name, or in single name credit derivative transactions referencing the relevant Reference Entity, as identified by its Identification Number and its legal name, selected by the Calculation Agent from the following list, together with any additional dealers or principal affiliates thereof that the parties may from time to time agree in relation to a particular Valuation Obligation:

Bank of Montreal, London Branch

Barclays Bank PLC

Citibank International plc

Merrill Lynch International

HSBC Bank USA N.A., New York Branch (*where the reference entity is a U.S. company*)

HSBC Bank plc (*where the reference entity is not a U.S. company*)

Bank of America Derivatives

Goldman Sachs International

Deutsche Bank AG, London Branch

Morgan Stanley Credit Products

Credit Suisse International

UBS Limited

Lehman Brothers Specialised Finance

The Royal Bank of Scotland PLC

Nordea Bank Danmark AS

IXIS Corporate and Investment Bank

CALYON

WestLB AG, London Branch

Dresdner Bank AG, London Branch

J.P. Morgan Chase Bank N.A. (*where the reference entity is a U.S. company*)

J.P. Morgan Chase Bank N.A., London Branch (*where the reference entity is not a U.S. company*)

Société Générale

Bear Stearns International Limited

BNP Paribas, London Branch

Commerzbank AG

ABN AMRO Bank N.V., London Branch

Bayerische Hypo- und Vereinsbank AG

CIBC World Markets plc

provided that if one of the Dealers from the above list ceases or has ceased to exist or ceases to be an active Dealer in obligations of the type for which Quotations are to be obtained or a bankruptcy occurs with respect to any Dealer then the Calculation Agent shall select a substitute Dealer (who is a dealer in obligations of the type for which Quotations are to be obtained) and notify the Buyer and the Seller of such selection. A substitute Dealer must meet the requirements set out in the first sentence of the definition of "Dealer" set out in Section 7.15 of the Credit Derivatives Definitions and shall not be an Affiliate of the Buyer. A Dealer selected by the Calculation Agent from the list above shall not be affiliated with any other Dealer selected by the Calculation Agent from the list above. The above list is not exhaustive and may be amended in the relevant Final Terms

Quotation Amount: With respect to any Valuation Obligation, one third of the related Valuation Obligation Balance, rounded up to the nearest denomination of the relevant Valuation Obligation.

Calculation Date: Means, the Valuation Business Day on which the last Final Price is determined in respect of all Valuation Obligation(s) in the Valuation Portfolio.

Valuation Obligation Loss Amount: means, with respect to a Valuation Obligation in respect of which a Final Price has been calculated, the greater of :

1. (100 per cent. - Final Price) multiplied by the relevant Valuation Obligation Balance (converted if necessary to euros using the exchange rate determined on the last Notification Date by the Calculation Agent acting in good faith and in a commercially reasonable manner); and
2. zero

Final Price: With respect to each Valuation Obligation in the Valuation Portfolio, the price of such Valuation Obligation, expressed as a percentage, determined in accordance with the specified Valuation Method (treating such Valuation Obligation as the Reference Obligation for such purpose and for purposes of other relevant provisions of Article VII of the Credit Derivatives Definitions), provided that, if such Final Price is higher than 100 per cent., it shall be deemed to be equal to 100 per cent.

Valuation Portfolio: means a portfolio of one or more Valuation Obligations in respect of which the sum of the related Valuation Obligation Balances (converted if necessary from EUR to the relevant currency using the exchange rate determined on the last Notification Date by the Calculation Agent acting in good faith and in

a commercially reasonable manner) is equal to the Floating Rate Payer Calculation and selected by the Buyer on or before the day that falls 5 Valuation Business Days prior to the first Valuation Date (the date on which such notification occurs, the "**Notification Date**"). The Buyer may amend the Valuation Portfolio at any point up to, and including, the fifth Valuation Business Day prior to the first Valuation Date. The date on which such notice is effective should also be a Notification Date.

Valuation Obligation Balance:	means, with respect to a Valuation Obligation, an amount in the currency of denomination of that Valuation Obligation (the " <b>Valuation Obligation Currency</b> ") specified as such by the Calculation Agent to the Noteholders on the Notification Date (determined by the Calculation Agent on the Notification Date acting in good faith and in a commercially reasonable manner).
Valuation Method:	Average Highest
Weighted Average Quotation:	Means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Valuation Obligation with an outstanding balance of as large a size as available but less than the Quotation Amount that in the aggregate are equal to or greater than the Quotation Amount.
Partial Weighted Average Quotation:	Means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Valuation Obligation of as large a size as available but with an outstanding principal balance less than the Quotation Amount. If the sum of outstanding principal balance (as the case may be) with respect to which such quotations are obtained is less than the Quotation Amount, then the quotations with respect to such shortfall shall be deemed to be a firm quotation of zero.
Valuation Obligations:	In respect of an Affected Reference Entity, the valuation obligation determined in accordance with Section 2.15 of the Credit Derivatives Definitions on the basis of the Valuation Obligation Category and Valuation Obligation Characteristics specified in the applicable Standard Terms.

## 5. Successor Provisions:

Succession Event	(1) Section 2.2(a) of the Credit Derivatives Definitions is amended as follows
Amendments to Section 2.2 of the Credit Derivatives Definitions:	<ul style="list-style-type: none"><li>(a) the words "for the entire Credit Derivative Transaction" shall be deleted from Sections 2.2(a)(i) and 2.2(a)(ii) and replaced with the words "of the Reference Entity";</li><li>(b) the words "New Credit Derivative Transaction" shall be deleted from Sections 2.2(a)(iii) and 2.2(a)(iv) and replaced with the words " new Notional Credit Default Swap ";</li><li>(c) the words "Credit Derivative Transaction" shall be deleted from Section 2.2(a)(v); and replaced with the words "Notional Credit Default Swap";</li></ul>
	(2) Section 2.2(d) of the Credit Derivatives Definitions is replaced in its entirety with the following:
	“(d) Where:
	<ul style="list-style-type: none"><li>(i) a Reference Obligation has been specified with respect to a Reference Entity;</li><li>(ii) one or more Successors to the Reference Entity have been identified; and</li><li>(iii) any one or more Successors have not assumed the Reference Obligation,</li></ul>
	a Substitute Reference Obligation will be determined in

accordance with the provisions of Section 2.30 with respect to each such Successor.”

(3) Section 2.2(e) shall be replaced in its entirety by the following:

"Where, pursuant to Section 2.2(a) above, more than one Successor has been identified in relation to a particular Reference Entity, the Notional Credit Default Swap to which such Succession Event relates shall be divided into the same number of Notional Credit Default Swaps as the number of Successors (each a "**new Notional Credit Default Swap**"). Each such new Notional Credit Default Swap will include one of the Successors together with all the other Reference Entities that were not subject to the Succession Event. The Notional Amount in respect thereof shall be equal to the Notional Amount of the Original Notional Credit Default Swap divided by the number of Successors. The Reference Entity Type of each Successor with respect to each new Notional Credit Default Swap shall be the same as the Reference Entity Type of the Reference Entity to which such Succession Event relates." All other terms and conditions of the original Notional Credit Default Swap will be replicated in each new Notional Credit Default Swap except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Notional Credit Default Swap in the new Notional Credit Default Swap (considered in aggregate).

Treatment of certain Succession Events

Where any Reference Entity (the "**Surviving Reference Entity**") (other than the Reference Entity that is subject to the Succession Event) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a Succession Event through the application of Section 2.2(a) of the Credit Derivatives Definitions, and Substitution is not applicable pursuant to this Confirmation, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity.

No duplication:

Where the effect of the Successor Provisions would be to specify a Reference Entity more than once with respect to a single Notional Credit Default Swap, that Reference Entity shall be deemed to be specified once only for the purposes of that Notional Credit Default Swap.

## 6. Partial Exercise Event:

Partial Exercise Event:

The occurrence of a Restructuring Credit Event in relation to which Section 3.9 (b) of the Credit Derivative Definitions, as amended below, applies.

Section 3.9 (b) of the Credit Derivative Definitions shall be deleted and replaced by the following:

If, with respect to any Notional Credit Default Swap, the Buyer has delivered, with respect to a Reference Entity, a Notice of Publicly Available Information together with a Credit Event Notice that specifies an Exercise Amount that is less than the Floating Rate Payer Calculation Amount under such Notional Credit Default Swap, an Event Determination Date shall be deemed to have occurred with respect to such Notional Credit Default Swap. It shall, once the Conditions to Settlement have been satisfied in respect thereof, be settled in accordance with the Physical Settlement Method, and shall for that purpose be deemed to have a Floating Rate Payer Calculation Amount equal to the Exercise Amount.

For each Notional Credit Default Swap in respect of which the Buyer has delivered, with respect to a Reference Entity, a Notice of Publicly Available Information together with a Credit Event Notice that specifies an Exercise Amount that is less than the then outstanding Floating Rate Payer Calculation Amount under such Notional Credit Default Swap, and in respect of which the Conditions to Settlement have been satisfied,

1. once settled, such Notional Credit Default Swap shall cease to be in force; and
2. a New Credit Derivative Transaction shall be deemed to enter into force, having the same terms and conditions as the such Notional Credit Default Swap, except for the Floating Rate Payer Calculation Amount, which shall be equal to the Floating Rate Payer Calculation

Amount outstanding prior to such Credit Event Notice minus the Exercise Amount.

## 7. Calculation Agent Merger:

Calculation Agent Merger: Section 2.31 of the Credit Derivatives Definitions shall apply to this Transaction, provided that each reference to 'Seller' in this Section shall be deemed to be a reference to the 'Calculation Agent'.

## 8. Additional Provisions

The following amendments shall be made to the Credit Derivatives Definitions:

- (a) The terms Valuation Obligations, Valuation Obligation Characteristics and Valuation Obligation Category shall have the same meaning given to "Deliverable Obligations", "Deliverable Obligation Characteristics" and "Deliverable Obligation Category" in the Credit Derivatives Definitions (including, without limitation, Sections 2.19, 2.20 and 2.21).
- (b) Where applicable:
  - (I) any references to a "Delivery" shall be disregarded for the purposes of the Credit Default Swap Agreement;
  - (II) each reference in the Credit Derivatives Definitions to a "Delivery Date" shall be deemed to be a reference to the date of selection of the relevant Valuation Obligation, except that the words "the Delivery Date or applicable Valuation Date, as the case may be" shall be replaced in the two places where they appear in Section 8.7(b)(i) with the words " the applicable Valuation Date"; and
  - (III) each reference in the Credit Derivatives Definitions to "Physical Settlement Date" shall be deemed to be a reference to the date of selection of the relevant Valuation Obligation.
- (c) Section 2.32 of the Credit Derivatives Definitions shall be amended by:
  - (I) deleting Section 2.32(a) in its entirety and replacing it by the following:

"If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" are specified in a Confirmation and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Buyer, then a Valuation Obligation may only be specified if it (1) is a Fully Transferable Obligation and (2) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.";
  - (II) deleting the second paragraph of Section 2.32(b) and adding the following:

"For the purposes of the determining whether a Valuation Obligation is Transferable or is capable of being assigned or novated to Eligible Transferees, such determination shall be made as of the first Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Buyer."
- (d) Section 2.33 of the Credit Derivatives Definitions shall be amended as follows:
  - (I) Section 2.33(a) shall be deleted in its entirety and replaced by the following:

"If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" are specified in a Confirmation and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Credit Default Swap Counterparty, then a Valuation Obligation may only be specified if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.";
  - (II) Section 2.33(b)(i) shall be deleted; and

- (III) the reference to the "Delivery Date" in Section 2.33(b)(ii) shall be deemed to be a reference to the first Valuation Date.
- (e) "The reference in the third line of Section 3.3 to the "Effective Date" shall be deemed to be a reference to the Trade Date."
- (f) Section 1.12(a) (iii) of the Credit Derivatives Definitions is amended by replacing each reference to "the Scheduled Termination Date" by a reference to "the close of business on the third Business Day prior to the Scheduled Termination Date".

**9. The standard terms relating to each Entity Type are set out in Part 5D.**



## PART 4C: CREDIT LINKED NOTES WITH A STATIC PORTFOLIO OF REFERENCE ENTITIES AS UNDERLYING

The terms and conditions applicable to Credit Linked Notes with a static portfolio of reference entities as underlying shall comprise the Terms and Conditions of the Medium Term Notes set out in Part 1 (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**CLN Tranche Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the CLN Tranche Conditions set out below, the CLN Tranche Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the CLN Tranche Conditions and (ii) the Final Terms, the Final Terms shall prevail.

If Credit Linked Notes type 3 is shown as being applicable in the relevant Final Terms, then the CLN Tranche Conditions will incorporate the notional credit default swap confirmation 3 mentioned below ("**CDS Confirmation 3**"). The relevant amounts, dates, terms and information of the CDS Confirmation 3 will be completed in the relevant Final Terms.

### CDS CONFIRMATION 3

The purpose of this confirmation and any schedules hereto (this "**Confirmation**") is to confirm the terms and conditions of the notional credit default swap deemed to be entered into between two notional counterparties ("**Seller**" and "**Buyer**") on the Trade Date specified below and is not an actual transaction (the "**Notional Credit Default Swap**") for the purposes of which the Issuer shall be deemed to be the Buyer.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, and as further supplemented by the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity, published on 21 January 2005 (the "**Monoline Supplement**") (together, the "**Credit Derivatives Definitions**"), each as published by the International Swaps and Derivatives Association, Inc., ("**ISDA**"), are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

This Confirmation relates to the portfolio (the "**Reference Portfolio**") comprising of a basket of Reference Entities. This Transaction contemplates that there may be more than one Credit Event and therefore the Conditions to Settlement may be satisfied with respect to more than one Reference Entity and accordingly there may be multiple Event Determination Dates, Cash Settlement Amounts and Cash Settlement Dates and the Credit Derivatives Definitions (and in particular the definition of "Termination Date") should, for the purposes of this Confirmation, be interpreted accordingly.

Any capitalised terms not defined in this Confirmation shall have the respective meanings ascribed to them in the relevant Final Terms and in the Agency Agreement relating to the Programme, as the case may be. In the event of any inconsistency between those terms defined in the Final Terms or in the Agency Agreement, and those defined in this Confirmation, this Confirmation will govern.

This Confirmation relates to a notional credit default swap transaction deemed to have been entered into between the Buyer and the Seller and is not an actual transaction ("**Notional Credit Default Swap**").

The terms of the Notional Credit Default Swap are as follows:

#### 1. General Terms:

Trade Date:	[ ]
Effective Date:	[ ]
Scheduled Termination Date:	Scheduled Maturity Date under the Notes
Termination Date:	The later of: (i) Scheduled Termination Date; and (ii) the final Cash Settlement Date in respect of this Transaction, such date being expected to occur no later than [ ]
Floating Rate Payer:	The Noteholders (the " <b>Seller</b> ").
Fixed Rate Payer:	The Issuer (the " <b>Buyer</b> ").
Calculation Agent:	Fortis Bank nv-sa.
Calculation Agent City:	Brussels

Business Days for all purposes other than the calculation and payment of the Interest Amounts and Calculation Agent City Business Day:

In respect of a Reference Entity, the Business Days specified in the Applicable Standard Terms (each such day being a "Transaction Day").

For all other purposes and unless otherwise provided for herein, [ ] Settlement Day."

Reference Portfolio:

The portfolio comprising each of the Reference Entities. The Calculation Agent will from time to time and in accordance with the Successor Provisions amend Appendix 1 to reflect all required changes in the Reference Portfolio.

Reference Entity:

The Reference Entities are composed of:

(a) the following Reference Entities (which will be considered to be European Reference Entities):

[ ]

(b) the following Reference Entities (which will be considered to be US Reference Entities):

[ ]

(c) the following Reference Entities (which will be considered to be Asian Entities)

[ ]

(d) the following Reference Entities (which will be considered to be Japanese Entities)

[ ]

(e) the following Reference Entities (which will be considered to be Australian Entities)

[ ]

(f ) the following Reference Entities (which will be considered to be New Zealand Entities)

[ ]

(g ) the following Reference Entities (which will be considered to be Singapore Entities)

[ ]

(h ) the following Reference Entities (which will be considered to be Subordinated European Insurance Entities)

[ ]

(i ) the following Reference Entities (which will be considered to be Latin American Entities)

[ ]

(j) the following Reference Entities (which will be considered to be Asian Sovereigns Entities)

[ ]

(k) the following Reference Entities (which will be considered to be European Emerging Markets and Middle Eastern Sovereigns Entities)

[ ]

(l) the following Reference Entities (which will be considered to be Japanese Sovereigns Entities)

[ ]

(m) the following Reference Entities (which will be considered to be Australian Sovereigns Entities)

[ ]

(n) the following Reference Entities (which will be considered to be New Zealand Sovereigns Entities)

[ ]

(o) the following Reference Entities (which will be considered to be Singapore Sovereigns Entities)

[ ]

(p) the following Reference Entities (which will be considered to be Latin American Sovereigns Entities)

[ ]

(q) the following Reference Entities (which will be considered to be Western European Sovereigns Entities)

[ ]

Each such European Reference Entity, US Reference Entity, Asian Reference Entity, Japanese Reference Entity, Australian Reference Entity, New Zealand Reference Entities, Singapore Reference Entity, Subordinated European Insurance Entity, Latin American Entity, Asian Sovereigns Entities, European Emerging Markets and Middle Eastern Sovereigns Entities, Japanese Sovereigns Entities, Australian Sovereigns Entities, New Zealand Sovereigns Entities; Singapore Sovereigns Entities, Latin American Sovereigns Entities and Western European Sovereigns Entities, and, in each case, any Successor, shall be Reference Entities.

Each Reference Entity has been designated a particular "Entity Type" in Schedule A. References in this Confirmation to "Standard Terms" means in respect of a Reference Entity the corresponding standard terms specified for its Entity Type in the relevant Annex to Schedule B.

As of any date, if a Cash Settlement Date has occurred in respect of a Reference Entity, as identified by its Identification Number and its legal name, and the aggregate of the amounts in respect of which one or more Credit Event Notices have been sent has the effect of reducing the relevant Reference Entity Notional Amount to zero, then the relevant Reference Entity as identified by its Identification Number and its legal name (and the Reference Obligation which relates to that Reference Entity) shall, on the Cash Settlement Date, be removed from the Reference Portfolio and it shall cease to be a Reference Entity (and, in the case of a Reference Obligation, cease to be a Reference Obligation), and the Reference Portfolio shall be deemed amended accordingly.

Reference Entity Notional Amount:

With respect to a Reference Entity, as identified by its Identification Number and its legal name, the euro amount specified as such as relating to that Reference Entity and as set out against the name of such Reference Entity in Appendix 1 under the heading "Reference Entity Notional Amount" subject to adjustment as provided in Section 2.2 of the Credit Derivatives Definitions (as amended herein). Such amount shall be reduced by any Exercise Amount, as provided by Section 3.9 of the Credit Derivatives Definitions, as amended herein.

Reference Obligation(s):

With respect to a Reference Entity, as identified by its Identification Number and its legal name, the obligation, if any, specified as such as relating to that Reference Entity as set out against the name of such Reference Entity in Appendix 1 under the heading "Reference Obligation", and any Substitute Reference Obligation, provided that any Reference Obligation or Substitute Reference Obligation shall not be a Reference Obligation unless:

- (a) it falls within the Valuation Obligation Category and satisfies the Valuation Obligation Characteristics applicable to that Reference Entity as at the Effective Date; and
- (b) it ranks at least *pari passu* with obligations of such Reference Entity having the relevant Seniority Status with respect to such Reference

	Entity.
Credit Event Observation Start Date:	the Effective Date.
Credit Event Observation End Date:	The earlier to occur of: <ul style="list-style-type: none"> <li>(a) the second Business Day prior to the Scheduled Maturity Date; and</li> <li>(b) the day on which the sum of all prior Cash Settlement Amounts (if any), is greater than or equal to the Original Tranche Notional Amount.</li> </ul>
Notice Delivery Period End Date:	The earlier to occur of: <ul style="list-style-type: none"> <li>(a) the second Business Day prior to the Scheduled Maturity Date; and</li> <li>(b) the day on which the sum of all prior Cash Settlement Amounts (if any), is greater than or equal to the Original Tranche Notional Amount.</li> </ul>
Reference Entity Type:	With respect to a Reference Entity, as identified by its Identification Number and its legal name, the type of such Reference Entity, being either corporate (" <b>corporate</b> ") or sovereign (" <b>sovereign</b> ") as set out against the name of such Reference Entity in Appendix 1 under the heading "Reference Entity Type".
Merger of Reference Entity and Seller:	In the event that (i) the Seller consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity or (ii) a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to the Seller, or (iii) the Seller and a Reference Entity become Affiliates, then, such Reference Entity shall be deemed to be removed from the Reference Portfolio.
Swap Currency:	[ ]

**2. Fixed Payments:**

Not applicable.

**3. Floating Amounts:**

Conditions to Settlement:	Credit Event Notice Notifying Party: Buyer Notice of Publicly Available Information: Applicable. Specified Number: Two. Subject to Section 3.9. of the Credit Derivatives Definitions, the Conditions to Settlement may be satisfied more than once in relation to the Reference Portfolio but only once in relation to each Reference Entity, as identified by its Identification Number and its legal name.
Event Determination Date:	Means, with respect to a Reference Entity, as identified by its Identification Number and its legal name, and a Credit Event, the first date on which both the Credit Event Notice and the Notice of Publicly Available Information are effective.
Credit Events:	Subject to extension for any Potential Failure to Pay or Potential Repudiation/Moratorium, as applicable, a Credit Event may occur with respect to each Reference Entity, as identified by its Identification Number and its legal name, on any date during the Credit Event Observation Period determined with respect to such Reference Entity.
Credit Event Observation Period:	With respect to each Reference Entity, as identified by its Identification Number and its legal name, the period from and including the relevant Credit Event Observation Start Date, to, and including the relevant Credit Event Observation End Date.

#### 4. Settlement Terms:

- Valuation Business Day: (i) Any day on which commercial banks and foreign exchange markets are generally open to settle payments in Luxembourg, Brussels, London, New York and (ii) with respect to each Reference Entity as identified by its Identification Number and its legal name, any day on which commercial banks and foreign exchange markets are generally open to settle payments in any other cities specified as relating to such Reference Entity and as set out against the name of such Reference Entity in Appendix 1 to this Confirmation, under the heading "Valuation Business Day" and on which TARGET System is operating (such day, a "**Supplementary Valuation Business Day**").
- For the purposes of this Confirmation, references to "Business Day" or "Business Days" in Article VII of the Credit Derivatives Definitions will be deemed to be references to "Valuation Business Day" or "Valuation Business Days".
- Settlement Method: Cash Settlement.
- Notwithstanding anything to the contrary in the Credit Derivatives Definitions, in respect of each Reference Entity, as identified by its Identification Number and its legal name, if the Conditions to Settlement are satisfied with respect to such Reference Entity, the Long Settlement Method shall apply.
- Cash Settlement Date: With respect to a Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, the Incurred Tranche Loss Impact Date.
- Delta Amount: With respect to any Reference Entity, as identified by its Identification Number and its legal name, the amount provided in the relevant Credit Event Notice. The Delta Amount shall not be higher than either the relevant Reference Entity Notional Amount or the Exercise Amount, as the case may be.
- Delta: With respect to any Reference Entity, as identified by its Identification Number and its legal name, the Delta Amount divided by the Reference Entity Notional Amount or by the Exercise Amount, as the case may be, and as specified in the Credit Event Notice.
- Valuation Portfolio: With respect to a Reference Entity as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, a portfolio of one or more Valuation Obligations in respect of which the sum of the related Valuation Obligation Balances (converted if necessary to Euro using the exchange rate determined on the last Notification Date by the Calculation Agent acting in good faith and in a commercially reasonable manner) is equal to the Delta Amount, such Valuation Portfolio as selected by the Buyer, and notified (in writing or by telephone) to the Seller on or before the day that falls 5 Business Days prior to the first Valuation Date (the date on which such notification occurs, the "**Notification Date**").
- The Buyer may notify the Seller that the Buyer is changing one or more Valuation Obligations to be valued or the detailed description thereof or one or more Valuation Obligation Balances, but each such notice must be effective on or prior to the fifth Business Day prior to the first Valuation Date. The date on which such new notice is effective shall be deemed to replace the previously determined Notification Date.
- Valuation Obligation Balance: With respect to a Valuation Obligation in a Valuation Portfolio, an amount in the currency of denomination of that Valuation Obligation specified as such by the Buyer to the Seller on the last Notification Date (determined by the Buyer on such last Notification Date acting in good faith and in a commercially reasonable manner).
- Valuation Obligations: With respect to a Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, any obligation selected by Buyer provided that such obligation must be:
- (a) an obligation of the relevant Reference Entity, as identified by its Identification Number and its legal name, (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if the relevant Reference Entity is identified in Appendix 1 as being Valuation Obligation Type 1) or, if All Guarantees is specified as applicable to the relevant Reference Entity in Appendix 1, as provider of any Qualifying

Guarantee):

- (i) described by the Valuation Obligation Category applicable to such Reference Entity and, subject to Section 2.21(c) of the Credit Derivatives Definitions, having each of the Valuation Obligation Characteristics applicable to such Reference Entity, in each case as of the day that falls 5 Business Days prior to the first Valuation Date; and
  - (ii) that satisfies the criteria set out in Section 2.15(a)(i) to (iii) of the Credit Derivatives Definitions and, if applicable, Section 2.32 or Section 2.33 of the Credit Derivatives Definitions;
- (b) subject to the second paragraph of Section 2.20(b)(i) of the Credit Derivatives Definitions, a Reference Obligation of the relevant Reference Entity, as identified by its Identification Number and its legal name, unless specified in Appendix 1 as an Excluded Valuation Obligation;
  - (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that satisfies the criteria set out in Section 2.15(c)(i) to (iii) of the Credit Derivatives Definitions; and
  - (d) any other obligation of the relevant Reference Entity, as identified by its Identification Number and its legal name, specified as such in Appendix 1 with respect to such Reference Entity.

For the avoidance of doubt, Section 2.21 of the Credit Derivatives Definitions shall apply for the purposes of determining whether an obligation is described by the relevant Valuation Obligation Category and has each of the relevant Valuation Obligation Characteristics.

For the purposes of Article VII of the Credit Derivatives Definitions, references to "Reference Obligation" shall be deemed to be references to the relevant Valuation Obligations.

Valuation Obligation Loss Amount: With respect to a Valuation Obligation in the Valuation Portfolio in respect of which a Final Price has been calculated, the greater of:

- (a) (100 per cent. - Final Price) multiplied by the relevant Valuation Obligation Balance, (such resulting amount converted if necessary to Euro using the exchange rate determined on the last Notification Date by the Calculation Agent acting in good faith and in a commercially reasonable manner); and
- (b) zero.

Final Price: With respect to each Valuation Obligation in the Valuation Portfolio, the price of such Valuation Obligation, expressed as a percentage, determined in accordance with the specified Valuation Method.

Valuation Time: Means, on or about 11.00 a.m. in the Quotation City applicable to the relevant Valuation Obligation, except that, if such time is earlier than 9.00 a.m. Brussels time, it shall be postponed to 9.00 a.m. Brussels time, and if such time is later than 4.00 p.m. Brussels time, it shall be advanced to 4.00 p.m. Brussels time.

Quotation City: Means the city as reasonably determined by the Calculation Agent as being the city where the principal trading market is located for the relevant Valuation Obligation. The Quotation City need not be a city located in the country of incorporation of the relevant Reference Entity, as identified by its Identification Number and its legal name. The Calculation Agent will notify the Seller of the Quotation City on the Notification Date.

Full Quotation: Means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the relevant Valuation Obligation with an outstanding principal balance or Due and Payable Amount (as the case may be) equal to or greater than the Quotation Amount.

Weighted Average Quotation: Means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the relevant Valuation Obligation with an outstanding principal balance or Due and Payable Amount (as the case may be) of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are equal to or greater than the Quotation Amount.

Partial Weighted Average Quotation: Means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the relevant Valuation Obligation with an outstanding principal balance or Due and Payable Amount (as the case may be) of as large a size as available but equal to or less than the Quotation Amount (but of a size at least equal to the Minimum Quotation Amount or, if quotations of a size at least equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount). If the sum of the outstanding principal balance or Due and Payable Amount (as the case may be) with respect to which such quotations are obtained is less than the Quotation Amount, then the quotation with respect to such shortfall shall be deemed to be a firm quotation of zero.

Dealer:

The Calculation Agent will select five (5) dealers (each, a "**Dealer**") for the purposes of determining each Quotation.

Notwithstanding anything to the contrary in the Credit Derivatives Definitions, each Dealer shall be a dealer, or a principal affiliate thereof, in obligations of the type of the Valuation Obligations of the relevant Reference Entity, as identified by its Identification Number and its legal name, or in single name credit derivative transactions referencing the relevant Reference Entity, as identified by its Identification Number and its legal name, selected by the Calculation Agent from the following list, together with any additional dealers or principal affiliates thereof that the parties may from time to time agree in relation to a particular Valuation Obligation:

Bank of Montreal, London Branch

Barclays Bank PLC

Citibank International plc

Merrill Lynch International

HSBC Bank USA N.A., New York Branch (*where the reference entity is a U.S. company*)

HSBC Bank plc (*where the reference entity is not a U.S. company*)

Bank of America Derivatives

Goldman Sachs International

Deutsche Bank AG, London Branch

Morgan Stanley Credit Products

Credit Suisse International

UBS Limited

Lehman Brothers Specialised Finance

The Royal Bank of Scotland PLC

Nordea Bank Danmark AS

IXIS Corporate and Investment Bank

CALYON

[WestLB AG, London Branch

Dresdner Bank AG, London Branch

J.P. Morgan Chase Bank N.A. (*where the reference entity is a U.S. company*)

J.P. Morgan Chase Bank N.A., London Branch (*where the reference entity is not a U.S. company*)

Société Générale

Bear Stearns International Limited

BNP Paribas, London Branch

Commerzbank AG

ABN AMRO Bank N.V., London Branch

Bayerische Hypo- und Vereinsbank AG

CIBC World Markets plc

provided that if one of the Dealers from the above list ceases or has ceased to exist or ceases to be an active Dealer in obligations of the type for which Quotations are to be obtained or a bankruptcy occurs with respect to any Dealer then the Calculation Agent shall select a substitute Dealer (who is a dealer in obligations of the type for which Quotations are to be obtained) and



notify the Buyer and the Seller of such selection. A substitute Dealer must meet the requirements set out in the first sentence of the definition of "Dealer" set out in Section 7.15 of the Credit Derivatives Definitions and shall not be an Affiliate of the Buyer. A Dealer selected by the Calculation Agent from the list above shall not be affiliated with any other Dealer selected by the Calculation Agent from the list above. The above list is not exhaustive and may be amended in the relevant Final Terms

Original Tranche Notional Amount: Means EUR [ ]

Outstanding Tranche Notional Amount: Means, at any time on any date, the greater of:

- (a) the Original Tranche Notional Amount less the sum of all Cash Settlement Amounts determined under this Confirmation at such time and in respect of which the Incurred Tranche Loss Impact Date has occurred on or prior to such date (if any); and
- (b) zero.

Temporary Outstanding Tranche Notional Amount: Means, at any time on any date, the greater of:

- (a) the Original Tranche Notional Amount less the sum of:
  - (i) all Cash Settlement Amounts determined under this Confirmation at such time and in respect of which the Incurred Tranche Loss Impact Date has occurred on or prior to such date (if any);
  - (ii) all Temporary Tranche Loss Amounts determined under this Confirmation at such time on or prior to such date (if any); and
- (b) zero.

Incurred Tranche Loss Impact Date:

With respect to a Reference Entity as identified by its Identification Number and its legal name in respect of which the Conditions to Settlement have been satisfied, the third Business Day following the relevant Calculation Date.

If any day is an Incurred Tranche Loss Impact Date with respect to more than one Reference Entity, as identified by its Identification Number and its legal name, and for the purpose of determining the Cash Settlement Amount only, the Aggregate Realised Loss Amount and the Outstanding Tranche Notional Amount (and any other relevant terms) with respect to each Reference Entity shall be calculated in the order of delivery of the relevant Credit Event Notices or if any of the relevant Credit Event Notices are delivered at the same time, in a sequential order determined by the Calculation Agent.

For the purpose of making certain determinations under this Confirmation, and for the avoidance of doubt, an Incurred Tranche Loss Impact Date will be deemed to occur notwithstanding the fact that the relevant Cash Settlement Amount may be zero.

Cash Settlement Amount:

Means, in respect of any Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, an amount equal to the Realised Incurred Tranche Loss Amount.

Realised Incurred Tranche Loss Amount:

Means, on any date from, and including, the relevant Incurred Tranche Loss Impact Date, with respect to a Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, an amount in the Swap Currency, calculated by the Calculation Agent and equal to the lowest of:

- (a) the Realised Loss Amount with respect to such Reference Entity;
- (b) the greater of:
  - (i) the Aggregate Realised Loss Amount (including the Realised Loss Amount with respect to such Reference Entity) less the Subordination Amount; and
  - (ii) zero; and
- (c) the then Outstanding Tranche Notional Amount (determined without regard to the Realised Loss Amount with respect to such Reference

Entity).

**Realised Loss Amount:** Means, on any date, with respect to a Reference Entity as identified by its as identified by its Identification Number and its legal name in respect of which the Conditions to Settlement have been satisfied, an amount calculated by the Calculation Agent on the Calculation Date equal to the aggregate of the Valuation Obligation Loss Amounts determined for each Valuation Obligation in the Valuation Portfolio with respect to such Reference Entity and divided by the Delta.

**Aggregate Realised Loss Amount:** Means, on any date, the sum of the Realised Loss Amounts for each Reference Entity as identified by its Identification Number and its legal name in respect of which the Conditions to Settlement have been satisfied and the Incurred Tranche Loss Impact Date has occurred.

**Temporary Tranche Loss Amount:** Means, on any date, with respect to a Reference Entity as identified by its Identification Number and its legal name, and in respect of which the Conditions to Settlement have been satisfied, an amount, in the Swap Currency, calculated by the Calculation Agent and equal to the lowest of:

- (a) the Temporary Loss Amount with respect to such Reference Entity (including the Temporary Loss Amount and the Realised Loss Amount with respect to such Reference Entity);
- (b) the greater of:
  - (i) the Aggregate Loss Amount less the Subordination Amount; and
  - (ii) zero; and
- (c) the then Temporary Outstanding Tranche Notional Amount (determined without regard to the Temporary Loss Amount with respect to such Reference Entity).

The Temporary Tranche Loss Amount with respect to a Reference Entity, as identified by its Identification Number and its legal name, and in respect of which the Conditions to Settlement have been satisfied, is reduced to zero as of the Incurred Tranche Loss Impact Date in respect of such Reference Entity.

**Aggregate Loss Amount:** Means, on any date, the sum of:

- (a) the Aggregate Realised Loss Amount; and
- (b) the Aggregate Temporary Loss Amount.

**Aggregate Temporary Loss Amount:** Means, on any date, the sum of the Temporary Loss Amounts for each Reference Entity as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied.

**Temporary Loss Amount:** Means, on any date, with respect to each Reference Entity as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, an amount, in the Swap Currency, calculated by the Calculation Agent and equal to:

- (a) if a Cash Settlement Amount has not been determined and the relevant Incurred Tranche Loss Impact Date has not occurred, the Reference Entity Notional Amount or the Exercise Amount, as the case may be; and
- (b) if a Cash Settlement Amount has been determined and the relevant Incurred Tranche Loss Impact Date has occurred, zero.

**Subordination Amount:** Means EUR [ ].

**Final Valuation Date:** Means, in respect of each Reference Entity as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, the date on which the last Final Price is determined in respect of all Valuation Obligations in the Valuation Portfolio. There can only be one Final Valuation Date in respect of each Valuation Portfolio.

**Calculation Date:** Means, with respect to a Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied: (a) if a Final Valuation Date exists for all the other Reference Entities in respect of which an Event Determination Date has

occurred on or prior to the Event Determination Date of the relevant Reference Entity, the Final Valuation Date of that Reference Entity; or (b) if a Final Valuation Date does not exist for all the other Reference Entities in respect of which an Event Determination Date has occurred on or prior to the Event Determination Date of the relevant Reference Entity, the first date on which there exists a Final Valuation Date in respect of each other Reference Entity with respect to which an Event Determination Date has occurred on or prior to the Event Determination Date of the relevant Reference Entity.

- Valuation Date: Multiple Valuation Dates: 60 Valuation Business Days and each 2 Valuation Business Days thereafter for a total number of Valuation Dates equal to the Valuation Date Number determined with respect to such Valuation Obligation in the Valuation Portfolio.
- Weighted Average Highest: Means the weighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.
- Quotation Method: Bid.
- Quotation Amount: With respect to each Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, with respect to the determination of a Quotation and any Valuation Obligation, an amount equal to the related Valuation Obligation Balance divided by the relevant Valuation Date Number, the result then rounded up to the nearest denomination of the relevant Valuation Obligation. The Quotation Amount in respect of any Valuation Obligation shall not be more than EUR 25,000,000 (or the equivalent in the currency of denomination of that Valuation Obligation) and shall not be less than EUR 1,000,000 (or the equivalent in the currency of denomination of that Valuation Obligation).
- Minimum Quotation Amount: With respect to each Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, with respect to the determination of a Quotation and any Valuation Obligation, an amount equal to the related Valuation Obligation Balance divided by the relevant Valuation Date Number, the result then rounded up to the nearest denomination of the relevant Valuation Obligation. The Minimum Quotation Amount in respect of any Valuation Obligation shall not be more than EUR 25,000,000 (or the equivalent in the currency of denomination of that Valuation Obligation) and shall not be less than EUR 1,000,000 (or the equivalent in the currency of denomination of that Valuation Obligation).
- Valuation Date Number: With respect to each Reference Entity, as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, with respect to the determination of a Quotation and any Valuation Obligation:
- (a) if the relevant Valuation Obligation Balance is less than or equal to an amount equal to EUR 75,000,000, the Valuation Date Number is three; or
  - (b) if the relevant Valuation Obligation Balance is greater than EUR 75,000,000, the Valuation Date Number is the number equal to the relevant Valuation Obligation Balance divided by EUR 25,000,000 (the result being rounded up to the nearest integer).
- Quotations: Means, with respect to each Reference Entity as identified by its Identification Number and its legal name, in respect of which the Conditions to Settlement have been satisfied, each Full Quotation (if any), the Partial Weighted Average Quotation (if any) and the Weighted Average Quotation (if any) obtained and expressed as a percentage with respect to a Valuation Date in the manner set out in Section 7.7 of the Credit Derivatives Definitions provided that Section 7.7 (a) and (b) of the Credit Derivatives Definitions shall be deleted and replaced with the following:
- "The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Valuation Business Day (and if necessary, on each Valuation Business Day thereafter until the sixth Valuation Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five Dealers and, if two or more Full Quotations are not available, one or more Full

Quotations and a Weighted Average Quotation.

If the Calculation Agent is unable to obtain (i) at least two Full Quotations or (ii) one or more Full Quotations and a Weighted Average Quotation on the same Valuation Business Day on or prior to the seventh Valuation Business Day following the applicable Valuation Date, then the Calculation Agent shall attempt to obtain at least one Full Quotation or a Weighted Average Quotation within an additional three Valuation Business Days.

If the Calculation Agent is unable to obtain one Full Quotation or a Weighted Average Quotation within an additional three Valuation Business Days, then the Calculation Agent will exercise its discretion and determine a Quotation in good faith and in a commercially reasonable manner.

If, on or prior to the sixth Valuation Business Day following the applicable Valuation Date, the Calculation Agent obtains at least two Full Quotations or one or more Full Quotations and a Weighted Average Quotation, such Full Quotations (if any) and such Weighted Average Quotation (if any) shall be considered as Quotations.

If, after the sixth Valuation Business Day following the applicable Valuation Date, but on or prior to the ninth Valuation Business Day following the applicable Valuation Date, the Calculation Agent obtains at least one Full Quotation or a Weighted Average Quotation, such Full Quotation (if any) or such Weighted Average Quotation (if any) shall be considered as Quotations.

If any Quotation comprised in any Full Quotation, Weighted Average Quotation or Partial Weighted Average Quotation is obtained then there shall be added to each such Quotation a percentage reflecting all principal, interest and other payments and distributions of cash or other property to which a holder of a principal amount of the relevant Valuation Obligation equal to the principal amount in respect of which such Quotation was obtained would have received during the period from the Event Determination Date to the Valuation Business Day on which the Quotation was obtained."

Exclude Accrued Interest

## **5. Notifications:**

With respect to any Long Settlement Method, the Calculation Agent will inform the Buyer, the Seller and the Fiscal Agent in writing of:

- (a) the amount of any Temporary Loss Amount and any Realised Loss Amount in respect of a Reference Entity, as identified by its Identification Number and its legal name, as soon as reasonably practicable following the determination of such Temporary Loss Amount or such Realised Loss Amount, whether or not the Aggregate Loss Amount or the Aggregate Realised Loss Amount, respectively, is less than or equal to the Subordination Amount;
- (b) the amount of any Temporary Tranche Loss Amount greater than zero as soon as reasonably practicable following the determination of such Temporary Tranche Loss Amount; and
- (c) the amount of any Cash Settlement Amount greater than zero in respect of a Reference Entity as identified by its Identification Number and its legal name as soon as reasonably practicable following the determination of such Cash Settlement Amount.
- (d) any change in the Temporary Outstanding Tranche Notional Amount and in the Outstanding Tranche Notional Amount as soon as reasonably practicable following the determination of such change.

Any reference to the term "in writing" in the Credit Derivatives Definitions or in this Confirmation shall include by electronic mail.

**6. Calculations:**

- (a) The Calculation Agent shall, in addition to any obligations under Section 1.14 of the Credit Derivatives Definitions, perform such calculations and determinations and make such notifications as are required of it pursuant to this Confirmation.
- (b) The Buyer shall perform such calculations and determinations and make such notifications as are required of it pursuant to this Confirmation.

**7. Complementary Provisions:**

**(A) Valuation Obligations**

For the purposes of this Confirmation and determining Valuation Obligations:

- (a) the references to "Delivery Date" or "Physical Settlement Date" where they appear in Sections 2.15 (Deliverable Obligation), 2.20 (Method for Determining Deliverable Obligations), 8.7 (Provisions Applicable to Convertible, Exchangeable and Accreting Obligations), 8.8 (Due and Payable Amount) of the Credit Derivatives Definitions or in any of the other provisions of the Credit Derivatives Definitions shall be deemed to be references to the Notification Date;
- (b) the reference in Section 2.15(a) and 2.15(c) (Deliverable Obligation) of the Credit Derivatives Definitions to "the outstanding principal balance or Due and Payable Amount being Delivered" shall be deemed to be reference to "the amount in respect of which Quotations are to be sought";
- (c) subject to paragraphs 6(G) and (H) hereof, each reference in the Credit Derivatives Definitions to "a Deliverable Obligations" and "the Deliverable Obligation" shall be deemed to be references to "a Valuation Obligation" and "the Valuation Obligation" respectively, each reference to "Deliverable Obligation Category" shall be deemed to be a reference to "Valuation Obligation Category" and each reference to "Deliverable Obligation Characteristics" shall be deemed to be a reference to "Valuation Obligation Characteristics";
- (d) each reference in Section 2.16 (Sovereign Restructured Deliverable Obligation) to "Deliverable" shall be deemed to be a reference to "Valuation" and the words "the related Confirmation" shall be deleted wherever they appear and replaced with "Appendix 1 with respect to such Reference Entity, as identified by its Identification Number and its legal name"; and
- (e) each reference in Section 2.18 (Excluded Deliverable Obligation) to "Deliverable" shall be deemed to be a reference to "Valuation".

**(B) Section 1.9. Notice Delivery Period**

Section 1.9. Notice Delivery Period of the Credit Derivatives Definitions shall be deleted and replaced in its entirety by the following provision:

**"Section 1.9. Notice Delivery Period.** "Notice Delivery Period" means, with respect to a Reference Entity as identified by its Identification Number and its legal name, and a Credit Event, the period from and including the Effective Date to and including: (a) the Notice Delivery Period End Date or (b) the date that is fourteen calendar days after (1) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in relation to such Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the relevant Credit Event Observation End Date, (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the relevant Credit Event Observation End Date and (iv) the Failure to Pay Extension Condition is satisfied, or (2) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the relevant Credit Event Observation End Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the relevant Credit Event Observation End Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied, provided that in any case, the Notice Delivery Period shall not terminate on a date later than the second Business Day prior to the Termination Date."

For the purpose of Section 1.9, as amended by this paragraph 7(B):

- (a) The Failure to Pay Extension Condition is satisfied by the delivery of a Failure to Pay Extension Notice and, Notice of Publicly Available Information by the Buyer to the Seller that is effective during the period described in clause (a) of the definition of Notice Delivery Period.
- (b) The Failure to Pay Extension Notice means an irrevocable notice (which may be by telephone) from the Buyer to the Seller that describes a Potential Failure to Pay that occurred on or after the relevant Credit Event Observation Start Date and on or prior to the relevant Credit Event Observation End Date. A Failure to Pay Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Failure to Pay has occurred and indicate the date of the occurrence. The Potential Failure to Pay that is the subject of the Failure to Pay Extension Notice need not be continuing on the date the Failure to Pay Extension Notice is effective. A Failure to Pay Extension Notice shall be subject to the requirements regarding notices set forth in Section 1.10 of the Credit Derivatives Definitions.

**(C) Section 1.11. Grace Period Extension Date**

Section 1.11 of the Credit Derivatives Definitions shall be amended by replacing references to "Scheduled Termination Date" with references to the "relevant Credit Event Observation End Date" and by replacing the words "the Grace Period Extension Date will be the Termination Date (even if a Failure to Pay occurs after the Scheduled Termination Date)" with the words "the Conditions to Settlement may not be satisfied for a Failure to Pay with respect to the relevant Reference Entity, as identified by its Identification Number and its legal name (even if a Failure to Pay occurs after the relevant Credit Event Observation End Date)".

**(D) Section 1.12. Grace Period; Grace Period Business Day**

Section 1.12 of the Credit Derivatives Definitions shall be amended by replacing:

- (a) references to "Scheduled Termination Date" with references to the "relevant Credit Event Observation End Date"; and
- (b) references to "Trade Date" with references to "Entrance Date of the relevant Reference Entity".

**(E) Section 2.2. Provisions for Determining a Successor**

Section 2.2 of the Credit Derivatives Definitions shall be amended as follows:

- (a) the words "for the entire Credit Derivative Transaction" shall be deleted from Sections 2.2(a)(i) and 2.2(a)(ii) and replaced with the words "of the Reference Entity";
- (b) the words "for a New Credit Derivative Transaction determined in accordance with the provisions of Section 2.2(e)" shall be deleted from Sections 2.2(a)(iii) and 2.2(a)(iv) and replaced with the words "and the Reference Entity Notional Amount in respect of each such Successor will be";
- (c) the words "and the Credit Derivative Transaction" shall be deleted from Section 2.2(a)(v);
- (d) the definition of Succession Event in Section 2.2 (b) shall be amended by the insertion of the words "and occurring on or after the date indicated in Appendix 1 hereto as the Entrance Date in respect of that Reference Entity" between the words "Reference Entity" and ", whether by operation of law" in the first sentence thereof;
- (e) Section 2.2(d) shall be amended by the deletion from sub-section (i) of the words "Credit Derivative Transaction" and their replacement with the words "Reference Entity", and by the insertion in sub-section (iii) of the words "specified in relation to the relevant Reference Entity" between the words "Obligation" and ", a Substitute" and by the replacement of the words "Credit Derivative Transaction" with "Reference Entity" in the last line;
- (f) Section 2.2(e) shall be replaced in its entirety by the following:

"Where, pursuant to Section 2.2(a) above, one or more Successors have been identified in relation to a particular Reference Entity as identified by its Identification Number and its legal name,:

- (i) each such Successor will be a Reference Entity (a "**Successor Reference Entity**") for the purposes of this Transaction (and, for the avoidance of doubt, the original Reference Entity shall cease to be a Reference Entity except where it is a Successor Reference Entity); and
  - (ii) the Reference Entity Notional Amount in respect of each such Successor Reference Entity shall be the Reference Entity Notional Amount in respect of the original Reference Entity divided by the number of Successor Reference Entities."; and
- (a) a new Section 2.2(f) shall be inserted as follows:

"Where pursuant to Section 2.2(a) above, the Calculation Agent determines that a single entity would be a Reference Entity more than once, then it will be deemed to be a Reference Entity only once and the Reference Entity Notional Amount with respect to such Reference Entity will be the sum of the Reference Entity Notional Amounts (after the application of Section 2.2(e), if any, for the avoidance of doubt) otherwise applicable to it."

**(F) Section 2.30. Substitute Reference Obligation**

Section 2.30 of the Credit Derivatives Definitions shall be deleted in its entirety and replaced by the following:

**"Section 2.30 Substitute Reference Obligation.** "**Substitute Reference Obligation**" means one or more obligations of a Reference Entity as identified by its Identification Number and its legal name, (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if the relevant Reference Entity is identified in Appendix 1 as being Valuation Obligation Type 1) or, if All Guarantees is specified as applicable in respect of such Reference Entity as provider of any Qualifying Guarantee) that will replace the Reference Obligation set out against the name of such Reference Entity in Appendix 1 hereto, such obligation being identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) such Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under such Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments); (B) such Reference Obligation is an Underlying Obligation with a Qualifying Guarantee or Insured Instrument with a Qualifying Policy (if the corresponding Reference Entity is identified in Appendix 1 as being Valuation Obligation Type 1) of the corresponding Reference Entity as identified by its Identification Number and its legal name, and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee or Qualifying Policy (if the corresponding Reference Entity is identified in Appendix 1 as being Valuation Obligation Type 1) is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms; or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, such Reference Obligation is no longer an obligation of the corresponding Reference Entity as identified by its Identification Number and its legal name, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation (the "**Replaced Reference Obligation**").
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations of a Replaced Reference Obligation shall be an Obligation that (i) ranks pari passu (or, if no such Obligation exists, then, at the Buyer's option, an Obligation that ranks senior) in priority of payment with such Replaced Reference Obligation (with the ranking in priority of payment of such Replaced Reference Obligation being determined as of the later of (A) the relevant Entrance Date and (B) the date on which such Replaced Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the parties to this Transaction and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if the relevant Reference Entity is identified in Appendix 1 as being Valuation Obligation Type 1) or, if All Guarantees is specified as applicable with respect to the relevant Reference Entity, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute

Reference Obligations identified by the Calculation Agent shall, without further action, replace such Replaced Reference Obligation.

- (c) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation."

**(G) Section 2.32. Restructuring Maturity Limitation and Fully Transferable Obligation**

- (a) The first paragraph of Section 2.32 of the Credit Derivatives Definitions shall be deleted in its entirety and replaced by the following: "(a) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable to a Reference Entity and "Restructuring" is the only Credit Event specified in a Credit Event Notice delivered by the Buyer in relation to such Reference Entity, then a Valuation Obligation can only be selected as a Valuation Obligation in the Valuation Portfolio for such Reference Entity if it is a Fully Transferable Obligation with a final maturity date not later than the Restructuring Maturity Limitation Date."
- (b) The definition of "Fully Transferable Obligation" in Section 2.32 of the Credit Derivatives Definitions shall be deemed to mean a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds. For purposes of determining whether a Valuation Obligation is Transferable or is capable of being assigned or novated to Eligible Transferees, such determination shall be made as of the relevant Notification Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Buyer.
- (c) The final paragraph of Section 2.32 (b) of the Credit Derivatives Definitions shall be deemed to read as follows:

"Any requirement that notification of transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this Section 2.32 (b)".

**(H) Section 2.33. Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation**

- (a) The first paragraph of Section 2.33 of the Credit Derivatives Definitions shall be deemed to be replaced in its entirety by the following: "(a) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable to a Reference Entity and "Restructuring" is the only Credit Event specified in a Credit Event Notice delivered by the Buyer in relation to such Reference Entity, then a Valuation Obligation can only be selected as a Valuation Obligation in the Valuation Portfolio for such Reference Entity if it is a Conditionally Transferable Obligation with a final maturity date not later than the Modified Restructuring Maturity Limitation Date."
- (b) The definition of "Conditionally Transferable Obligation" in Section 2.33 of the Credit Derivatives Definitions shall be deemed to mean a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, provided, however, that a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity as identified by its Identification Number and its legal name, or the guarantor, if any, of a Valuation Obligation other than a Bond (or the consent of the relevant obligor if a Reference Entity as identified by its Identification Number and its legal name, is guaranteeing or insuring such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provided that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this Section 2.33(b).



- (c) Section 2.33 (b)(i) and (ii) of the Credit Derivatives Definitions shall be deleted and replaced with the following:
- "(i) Where Modified Restructuring Maturity Limitation under Section 2.33 as amended by this Confirmation, applies and a Valuation Obligation is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer, then if the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the fifth Business Day prior to the Valuation Date (in which case it shall be deemed to have been refused), the Buyer shall promptly notify the Seller of such refusal (or deemed refusal) and shall, on such date, select one or more other obligations that constitute Valuation Obligations of the relevant Reference Entity, as identified by its Identification Number and its legal name, on such date.
  - (ii) For purposes of determining whether a Valuation Obligation satisfies the requirements of the determination of Conditionally Transferable Obligation, such determination shall be made as of the fifth Business Day prior to the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Buyer."

**(I) Section 3.3 Credit Event Notice**

Section 3.3 of the Credit Derivatives Definitions shall be amended as follows:

- (a) references to "Effective Date" will be deemed to be references to the "relevant Credit Event Observation Start Date";
- (b) references to " Scheduled Termination Date" will be deemed to be references to the "relevant Credit Event Observation End Date";
- (c) Section 3.3 (b) shall be supplemented by the following: "(iv) the Failure to Pay Extension Condition is satisfied; and"; and
- (d) the last paragraph shall be deleted and replaced by the following: "A Credit Event Notice must contain (a) a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred (b) the Delta Amount and (c) the Delta. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set forth in Section 1.10 of the Credit Derivatives Definitions. A form of Credit Event Notice is set forth in Exhibit B."

**(J) Section 3.9. Credit Event Notice After Restructuring**

Section 3.9. of the Credit Derivatives Definitions shall be deleted and replaced in its entirety by the following provision:

**"Section 3.9. Credit Event Notice After Restructuring.** Notwithstanding anything to the contrary in these Definitions, upon the occurrence of a Restructuring Credit Event with respect to a Reference Entity as identified by its Identification Number and its legal name, during the Term of the Transaction:

- (a) the Buyer may deliver multiple Credit Event Notices with respect to such Reference Entity, each such Credit Event Notice setting forth the amount of the Reference Entity Notional Amount for such Reference Entity to which such Credit Event Notice applies (the "Exercise Amount");
- (b) if the Buyer has delivered a Credit Event Notice that specifies an Exercise Amount that is less than the then outstanding Reference Entity Notional Amount for such Reference Entity (after taking into account any previous Exercise Amounts in relation to such Reference Entity), upon satisfaction of the Conditions to Settlement with respect to the Credit Event specified in such Credit Event Notice, settlement will occur in accordance with the applicable Settlement Method as if the Exercise Amount were the Reference Entity Notional Amount with respect to such Reference Entity, and upon satisfaction of such Conditions to Settlement, without prejudice to the foregoing provisions of this paragraph, the Reference Entity Notional

Amount will be an amount equal to the Reference Entity Notional Amount outstanding prior to such Credit Event Notice (taking into account any previously specified Exercise Amount) minus the Exercise Amount to which the current Credit Event Notice relates;

- (c) the Exercise Amount in connection with any Credit Event Notice describing a Credit Event in relation to a Reference Entity as identified by its Identification Number and its legal name, other than a Restructuring must be equal to the then outstanding Reference Entity Notional Amount for such Reference Entity (and not a portion thereof); and
- (d) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring must be in the amount that is at least 1,000,000 units of the Swap Currency or an integral multiple thereof or the entire then Reference Entity Notional Amount."

**(K) Section 4.6 Repudiation/Moratorium**

Section 4.6 of the Credit Derivatives Definitions shall be amended by:

- (a) replacing references in Section 4.6 (e) to "Effective Date" with references to the "relevant Credit Event Observation Start Date";
- (b) replacing references in Section 4.6 (e) to "Scheduled Termination Date" with references to the "relevant Credit Event Observation End Date";
- (c) replacing in Section 4.6 (b) the words "the Repudiation/Moratorium Evaluation Date will be the Termination Date (even if a Repudiation/Moratorium occurs after the Scheduled Termination Date)" with the words "the Conditions to Settlement may not be satisfied for a Repudiation/Moratorium with respect to the relevant Reference Entity, as identified by its Identification Number and its legal name (even if a Repudiation/Moratorium occurs after the relevant Credit Event Observation End Date)".

**(L) Requirements to consult**

Notwithstanding any provision of the Credit Derivatives Definitions, the Calculation Agent shall not be required to consult with the Seller or the Buyer in relation to any determination or calculation made by the Calculation Agent, and such determination or calculation shall be binding in the absence of manifest error, negligence, wilful misconduct and fraud. For the avoidance of doubt, the words "after consultation with the parties" shall be disregarded throughout the Credit Derivatives Definitions.

**(M) Section 8**

For the purposes of this Confirmation, Section 8.1, 8.3, 8.4, 8.5, 8.6, 8.9, 8.10 and 8.11 of the Credit Derivatives Definitions shall not be applicable.

**(N) Section 9 and Section 10**

For the purposes of this Confirmation, Section 9 and Section 10 of the Credit Derivatives Definitions shall not be applicable.

## **APPENDIX 1**

### **REFERENCE PORTFOLIO**

The Reference Portfolio will be included in the relevant Final Terms.

Fortis Bank nv-sa has used its best efforts to verify the names of the Reference Entities and details of the Reference Obligations contained in the Reference Portfolio. Such information has been verified as at the Issue Date for each Reference Entity, by reference to publicly available information. Fortis Bank nv-sa has accurately reproduced these information. As far as Fortis Bank is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The relevant source(s) of the information will be mentioned in the relevant Final Terms. Publicly available information can be inaccurate or outdated, and as a result corrections to the details of the Reference Entities and Reference Obligations may be needed from time to time.

## **APPENDIX 2: STANDARD TERMS**

The standard terms relating to each Entity Type are set out in Part 5D.

**PART 5D: STANDARD TERMS ADDED AS ANNEX OF EACH CDS CONFIRMATION**

**ANNEX A**

**STANDARD TERMS FOR EUROPEAN CORPORATES**

Business Days	London
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay Grace Period Extension: Not Applicable Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Valuation Obligations	Valuation Obligation Category: Bond or Loan Valuation Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity 30 years Not Bearer Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days
Delivery Limitation	Applicable

## ANNEX B

### STANDARD TERMS FOR NORTH AMERICAN CORPORATES

Business Days	New York, London
All Guarantees	Not Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Valuation Obligations	Valuation Obligation Category: Bond or Loan Valuation Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity 30 years Not Bearer
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	Exclude Accrued Interest As per Section 8.6 of the Definitions capped at 30 Business Days
Delivery Limitation	Not applicable

## ANNEX C

### STANDARD TERMS FOR ASIA CORPORATE ENTITIES

Business Days	London
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Bond or Loan Obligation Characteristics: Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Issuance Not Domestic Law
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Transferable Maximum Maturity 30 years Not Bearer
	Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days
Delivery Limitation	Applicable

## ANNEX D

### STANDARD TERMS FOR JAPAN CORPORATE ENTITIES

Business Days	London, Tokyo
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b>  Payment Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.  Restructuring  Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable  Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable  Default Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.  Multiple Holder Obligation: Not Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: Not Subordinated
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Contingent Assignable Loan Consent Required Loan  Transferable Maximum Maturity 30 years Not Bearer  Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days
Delivery Limitation	Applicable



## ANNEX E

### STANDARD TERMS FOR AUSTRALIA CORPORATE ENTITIES

Business Days	London, Sydney, New York
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan  Transferable Maximum Maturity 30 years Not Bearer  Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days
Delivery Limitation	Applicable

## ANNEX F

### STANDARD TERMS FOR NEW ZEALAND CORPORATE ENTITIES

Business Days	London, New York, Auckland
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity 30 years Not Bearer  Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days
Delivery Limitation	Applicable

## ANNEX G

### STANDARD TERMS FOR SINGAPORE CORPORATE ENTITIES

Business Days	London, New York, Singapore						
All Guarantees	Applicable						
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable						
Obligation	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Obligation Category:</td> <td>Bond or Loan</td> </tr> <tr> <td>Obligation Characteristics:</td> <td>Not Subordinated Not Sovereign Lender Specified Currency : Standard Specified Currency &amp; Domestic Currency</td> </tr> </table>	Obligation Category:	Bond or Loan	Obligation Characteristics:	Not Subordinated Not Sovereign Lender Specified Currency : Standard Specified Currency & Domestic Currency		
Obligation Category:	Bond or Loan						
Obligation Characteristics:	Not Subordinated Not Sovereign Lender Specified Currency : Standard Specified Currency & Domestic Currency						
Deliverable Obligations	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Deliverable Obligation Category:</td> <td>Bond or Loan</td> </tr> <tr> <td>Deliverable Obligation Characteristics:</td> <td>Not Subordinated Specified Currency: Standard Specified Currency &amp; Domestic Currency  Not Sovereign Lender Not Contingent Assignable Loan Transferable Maximum Maturity 30 years Not Bearer</td> </tr> <tr> <td></td> <td>Exclude Accrued Interest</td> </tr> </table>	Deliverable Obligation Category:	Bond or Loan	Deliverable Obligation Characteristics:	Not Subordinated Specified Currency: Standard Specified Currency & Domestic Currency  Not Sovereign Lender Not Contingent Assignable Loan Transferable Maximum Maturity 30 years Not Bearer		Exclude Accrued Interest
Deliverable Obligation Category:	Bond or Loan						
Deliverable Obligation Characteristics:	Not Subordinated Specified Currency: Standard Specified Currency & Domestic Currency  Not Sovereign Lender Not Contingent Assignable Loan Transferable Maximum Maturity 30 years Not Bearer						
	Exclude Accrued Interest						
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days						
Delivery Limitation	Applicable						

## ANNEX H

### STANDARD TERMS FOR SUBORDINATED EUROPEAN INSURANCE CORPORATE ENTITIES

Business Days	London, Target
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Not Applicable</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity 30 years Not Bearer
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	Exclude Accrued Interest 30 Business Days
Delivery Limitation	Applicable

## ANNEX I

### STANDARD TERMS FOR LATIN AMERICA CORPORATE ENTITIES

Business Days	London, New York
All Guarantees	Applicable
Credit Events	Bankruptcy Failure to Pay <b>Grace Period Extension: Applicable</b> <b>Obligation Acceleration</b> <b>Repudiation/Moratorium</b> Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. Multiple Holder Obligation: Not Applicable
Obligation	Obligation Category: Bond Obligation Characteristics: Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issuance
Deliverable Obligations	Deliverable Obligation Category: Bond Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	Exclude Accrued Interest As per Section 8.6 of the Definitions
Delivery Limitation	Not Applicable

## ANNEX J

### STANDARD TERMS FOR ASIA SOVEREIGNS

Business Days	London	
All Guarantees	Applicable	
Credit Events	Failure to Pay	
	Grace Period Extension: Not Applicable	
	Repudiation/Moratorium	
	Restructuring	
	Restructuring Maturity Limitation and Fully Transferable Obligation: Not applicable	
	Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable	
	Multiple Holder Obligation: Applicable	
Obligation		
	Obligation Category:	Bond or Loan
	Obligation Characteristics:	Not Subordinated
		Not Sovereign Lender
		Not Domestic Currency
		Not Domestic Law
		Not Domestic Issuance
Deliverable Obligations		
	Deliverable Obligation Category:	Bond or Loan
	Deliverable Obligation Characteristics:	Not Subordinated
		Specified Currency: Standard Specified Currencies
		Not Sovereign Lender
		Not Domestic Law
		Not Contingent
		Not Domestic Issuance
		Assignable Loan
		Transferable
		Maximum Maturity: 30 years
		Not Bearer
	Exclude Accrued Interest	
Physical Settlement Period	30 Business Days.	
	<i>(only relevant in case of CDS Confirmation 1)</i>	
Delivery Limitation	Applicable	

## ANNEX K

### STANDARD TERMS FOR EUROPEAN EMERGING MARKETS AND MIDDLE EASTERN SOVEREIGNS

Business Days	London
All Guarantees	Applicable
Credit Events	Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Multiple Holder Obligation: Not Applicable
Obligation	Obligation Category: Bond Obligation Characteristics: Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Law Not Domestic Issuance
Deliverable Obligations	Deliverable Obligation Category: Bond Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	Exclude Accrued Interest 30 Business Days.
Delivery Limitation	Not Applicable

## ANNEX L

### STANDARD TERMS FOR JAPAN SOVEREIGNS

Business Days	London, Tokyo, New York
All Guarantees	Applicable
Credit Events	Failure to Pay
	<b>Grace Period Extension: Not Applicable</b>
	Payment Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.
	Repudiation/Moratorium
	Restructuring
	Restructuring Maturity Limitation and Fully Transferable Obligation: Not applicable
	Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable
	Default Requirement: If the Floating Rate Payer Calculation Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases USD 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.
	Multiple Holder Obligation: Not Applicable
Obligation	
	Obligation Category: Borrowed Money
	Obligation Characteristics: None
Deliverable Obligations	
	Deliverable Obligation Category: Bond or Loan
	Deliverable Obligation Characteristics: Specified Currency: Standard Specified Currencies
	Not Contingent
	Consent Required Loan
	Assignable Loan
	Transferable
	Maximum Maturity: 30 years
	Not Bearer
	Exclude Accrued Interest
Physical Settlement Period	30 Business Days.
<i>(only relevant in case of CDS Confirmation 1)</i>	
Delivery Limitation	Applicable



## ANNEX M

### STANDARD TERMS FOR AUSTRALIA SOVEREIGNS

Business Days	London, New York , Sydney
All Guarantees	Applicable
Credit Events	Failure to Pay Grace Period Extension: Not Applicable Repudiation/Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	Exclude Accrued Interest 30 Business Days.
Delivery Limitation	Applicable

## ANNEX N

### STANDARD TERMS FOR NEW ZEALAND SOVEREIGNS

Business Days	London, New York, Auckland
All Guarantees	Applicable
Credit Events	Failure to Pay Grace Period Extension: Not Applicable Repudiation/Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	Exclude Accrued Interest 30 Business Days.
Delivery Limitation	Applicable

## ANNEX O

### STANDARD TERMS FOR SINGAPORE SOVEREIGNS

Business Days	London, New York, Singapore				
All Guarantees	Applicable				
Credit Events	<p>Failure to Pay</p> <p>Grace Period Extension: Not Applicable</p> <p>Repudiation/Moratorium</p> <p>Restructuring</p> <p>Restructuring Maturity Limitation and Fully Transferable Obligation: Not applicable</p> <p>Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable</p> <p>Multiple Holder Obligation: Applicable</p>				
Obligation	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Obligation Category:</td> <td>Bond or Loan</td> </tr> <tr> <td>Obligation Characteristics:</td> <td> <p>Not Subordinated</p> <p>Specified Currency : Standard</p> <p>Specified Currencies &amp; Domestic Currency</p> <p>Not Sovereign Lender</p> </td> </tr> </table>	Obligation Category:	Bond or Loan	Obligation Characteristics:	<p>Not Subordinated</p> <p>Specified Currency : Standard</p> <p>Specified Currencies &amp; Domestic Currency</p> <p>Not Sovereign Lender</p>
Obligation Category:	Bond or Loan				
Obligation Characteristics:	<p>Not Subordinated</p> <p>Specified Currency : Standard</p> <p>Specified Currencies &amp; Domestic Currency</p> <p>Not Sovereign Lender</p>				
Deliverable Obligations	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Deliverable Obligation Category:</td> <td>Bond or Loan</td> </tr> <tr> <td>Deliverable Obligation Characteristics:</td> <td> <p>Not Subordinated</p> <p>Specified Currency :Standard</p> <p>Specified Currencies &amp; Domestic Currency</p> <p>Not Sovereign Lender</p> <p>Not Contingent</p> <p>Assignable Loan</p> <p>Transferable</p> <p>Maximum Maturity: 30 years</p> <p>Not Bearer</p> </td> </tr> </table> <p>Exclude Accrued Interest</p>	Deliverable Obligation Category:	Bond or Loan	Deliverable Obligation Characteristics:	<p>Not Subordinated</p> <p>Specified Currency :Standard</p> <p>Specified Currencies &amp; Domestic Currency</p> <p>Not Sovereign Lender</p> <p>Not Contingent</p> <p>Assignable Loan</p> <p>Transferable</p> <p>Maximum Maturity: 30 years</p> <p>Not Bearer</p>
Deliverable Obligation Category:	Bond or Loan				
Deliverable Obligation Characteristics:	<p>Not Subordinated</p> <p>Specified Currency :Standard</p> <p>Specified Currencies &amp; Domestic Currency</p> <p>Not Sovereign Lender</p> <p>Not Contingent</p> <p>Assignable Loan</p> <p>Transferable</p> <p>Maximum Maturity: 30 years</p> <p>Not Bearer</p>				
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days.				
Delivery Limitation	Applicable				

## ANNEX P

### STANDARD TERMS FOR LATIN AMERICA SOVEREIGNS

Business Days	London, New York
All Guarantees	Applicable
Credit Events	Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Multiple Holder Obligation: Not Applicable
Obligation	Obligation Category: Bond Obligation Characteristics: Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issuance
Deliverable Obligations	Deliverable Obligation Category: Bond Deliverable Obligation Characteristics: Not Subordinated Specified Currency: Standard Specified Currencies Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer
	Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	As per section 8.6 of the Definitions.
Delivery Limitation	Not Applicable

## ANNEX Q

### STANDARD TERMS FOR WESTERN EUROPEAN SOVEREIGNS

Business Days	London, New York, Target
All Guarantees	Applicable
Credit Events	Failure to Pay Grace Period Extension: Not Applicable Repudiation/Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Not applicable Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable Multiple Holder Obligation: Applicable
Obligation	Obligation Category: Borrowed Money Obligation Characteristics: None
Deliverable Obligations	Deliverable Obligation Category: Bond or Loan Deliverable Obligation Characteristics: Specified Currency: Standard Specified Currencies Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer Exclude Accrued Interest
Physical Settlement Period <i>(only relevant in case of CDS Confirmation 1)</i>	30 Business Days.
Delivery Limitation	Applicable

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes by Fortis Bank will be used by it to meet part of its financing requirements and for general corporate purposes and the net proceeds from the issue of the Notes issued by Fortis Luxembourg will be lent to the Guarantor, to be used by the Guarantor for the same purposes.

## SUMMARY OF PROVISIONS RELATING TO GLOBAL NOTES

### Notes deposited with a common depository for Euroclear and Clearstream, Luxembourg

Each Series or Tranche, as the case may be, where the Notes issued in such Series or Tranche are initially in bearer form, will, unless otherwise provided in the relevant Final Terms initially be represented by a temporary Global Note, in bearer form without Coupons, with the Guarantee of the Guarantor endorsed thereon. Each temporary Global Note or, as the case may be, permanent Global Note (each a "Global Note") which is not intended to be issued in new global note ("NGN") form, as specified in the relevant Final Terms will be deposited on behalf of the subscribers of the relevant Notes with a common depository (the "Common Depository") for Euroclear and/or for Clearstream, Luxembourg and/or any other relevant clearing system, or as otherwise agreed, on or about the issue date of the relevant Notes, and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "Eurosystem") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

No interest will be payable in respect of a temporary Global Note except as provided below. Upon deposit of the temporary Global Note(s) with the Common Depository, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg or any other relevant clearing system will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other relevant clearing system as the holder of a Note represented by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg and any other relevant clearing system. Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and the obligations of such Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:—

(1) *Exchange*: Each temporary Global Note will be exchangeable in whole or in part (A) for interests in a permanent Global Note upon (i) in the case of a CGN, presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent, and (ii) in the case of partial exchange of a NGN, confirmation from the common service provider that Euroclear and Clearstream, Luxembourg have made appropriate entries in their records to reflect the relevant exchange and, in the case of final exchange of a NGN surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent or destruction of the Temporary Global Note by the common safekeeper in accordance with the Agency Agreement, or (B) for Definitive Notes, in each case, with the Guarantee of the Guarantor endorsed thereon, on or after the first day following the expiry of 40 days after completion of the distribution of the relevant Tranche upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. If the relevant Final Terms so provides, each permanent Global Note is exchangeable in whole or, in the case of Partly-paid Notes only, in part for definitive Notes by the holder giving notice to the Fiscal Agent, or by the relevant Issuer giving notice to the Fiscal Agent and the Noteholders, of its intention to exchange such permanent Global Note for definitive Notes as set out below.

(A) If so specified in the relevant Final Terms (i) on or after any Exchange Date (as defined below) or (ii) at any time or (B) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then upon the request of the holder of the permanent Global Note if either of the following events occurs: (a) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 occurs, the holder of a permanent Global Note may surrender such permanent Global Note to or to the order of the Fiscal Agent. In exchange for any permanent Global Note the relevant Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), with the Guarantee of the Guarantor endorsed thereon, security printed in accordance with any applicable legal and competent authority, stock exchange or quotation system requirements and in or substantially in the form set out in Schedule 2 to the Agency Agreement. On exchange of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Notes.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and on which Euroclear and Clearstream, Luxembourg and any other relevant clearing system are open for business.

If the relevant Issuer is prevented as a result of any legal requirements from delivering, and procuring the delivery of, definitive Notes in exchange for temporary or permanent Global Notes as contemplated in the terms and conditions of the Notes, the relevant Issuer will use its best efforts to put in place an alternative arrangement which provides investors with the same economic results whilst complying with such legal requirements.

(2) *Payments:* No payment falling due more than 40 days after the issue of any Tranche represented by a temporary Global Note will be made on that temporary Global Note unless exchange for an interest in a permanent Global Note is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after the completion of the distribution of such Tranche will only be made against presentation of certification as to non-U.S. beneficial ownership as set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

(3) *Notices:* So long as Notes of any Series are represented by a Global Note notices may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any other relevant clearing system for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in the United Kingdom, but publication in the *d'Wort* or the website of the Luxembourg Stock Exchange and/or such other place as may be required by the rules and regulations of such other competent authority, stock exchange and/or quotation system on which the Notes are admitted to listing, trading and/or quotation will be maintained for so long as the Notes of the Series in respect of which the notice is to be published are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by such other competent authority, stock exchange and/or quotation system.

(4) *Prescription:* Claims against the relevant Issuer in respect of principal and interest (as each is defined in the Conditions) on Notes while the Notes of that Series are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

(5) *Meetings:* The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Denomination of Notes (as set out in the relevant Final Terms and which, for the avoidance of doubt, shall include each unit in multiples of which Notes of the relevant Series may be traded when in global form in the relevant clearing systems) for which such permanent Global Note may be exchanged.

(6) *Purchase and Cancellation:* Cancellation of any Note surrendered for cancellation by the relevant Issuer following its purchase will be effected by reduction in the principal amount of the relevant permanent Global Note.

(7) *Issuer's Option:* No drawing of Notes will be required under Condition 6(e) in the event that the relevant Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with Euroclear and Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear and Clearstream, Luxembourg.

(8) *Noteholders' Option:* Any Noteholders' option may be exercised by the holder of a permanent Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is exercised and presenting such permanent Global Note for endorsement of exercise within the time limits specified in the Conditions.

(9) *Default:* As more fully described in the Global Notes, each Global Note shall become void in whole or in part on the seventh day after notice is served by the person or persons shown in the records of Euroclear or Clearstream, Luxembourg or any other relevant clearing system as the holder or holders of the Notes in respect of which notice is served (the "*Relevant Accountholder*") upon the occurrence of an event of default. In such circumstances each Relevant Accountholder shall acquire, under a deed of covenant dated 29 September 2006 executed by the Issuers and the Guarantor (the "*Deed of Covenant*") against the relevant Issuer and (in the case of Notes issued by Fortis Luxembourg) the Guarantor all rights which the Relevant Accountholder in question would have had if, immediately before the Global Note became void, it had been holder of definitive Notes issued on the issue date of the Global Note in an aggregate principal amount equal to the principal amount of the Notes in respect of which such Relevant Accountholder is shown in the records of Euroclear or Clearstream, Luxembourg or any other relevant clearing system.

(10) *Partly-paid Notes:* The provisions relating to Partly-paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the relevant Issuer will be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.



## Notes issued by Fortis Bank and clearing through the X/N System

If so provided in the relevant Final Terms, each Series or Tranche, as the case may be, issued by Fortis Bank, where the Notes issued in such Series or Tranche are initially in bearer form, will be represented by a permanent Global Note, in bearer form without Coupons, which will be deposited with the NBB as operator of the X/N System or its custodian on or about the issue date of the relevant Notes. Upon receipt of the permanent Global Note the NBB will credit the accounts of its participants, which include Euroclear's and Clearstream, Luxembourg's account, being an Exempt Account, in the X/N System with an aggregate amount equivalent to the principal amount of the permanent Global Note. Euroclear and Clearstream, Luxembourg will then credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Ownership of beneficial interests in the permanent Global Note will be limited to persons who maintain accounts with the X/N System, Euroclear and Clearstream, Luxembourg or persons who hold interests through such persons and which are Eligible Investors holding the Notes in an exempt Notes account. Certain types of Belgian investors (being those that are not eligible for holding "X-accounts"), however, may not hold their Notes through Euroclear or Clearstream, Luxembourg (save if they do so through another intermediary financial institution which is also a participant in the X/N Clearing System and which will be responsible for the withholding of tax). Please refer to the section entitled "*Taxation – Belgium*" below. Ownership of beneficial interests in the permanent Global Note will be shown on, and the transfer of such interests will be effected only through, records maintained by the X/N System, Euroclear and Clearstream, Luxembourg and in accordance with the applicable procedures of the X/N System, Euroclear and Clearstream, Luxembourg.

Each of the persons shown in the records of the X/N System, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in the permanent Global Note (each an "Accountholder") must look solely to the X/N System, Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by Fortis Bank to the bearer of such permanent Global Note and in relation to all other rights arising under the permanent Global Note. For so long as the Notes are represented by the permanent Global Note, Accountholders shall have no claim directly against Fortis Bank in respect of payments due under the Notes and such obligations of Fortis Bank will be discharged by payment to the bearer of the permanent Global Note.

The permanent Global Note contains provisions which apply to the Notes while in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

(1) *Exchange for definitive Notes*: If the relevant Final Terms so provide, each permanent Global Note is exchangeable in whole or, in the case of Partly-paid Notes only, in part for definitive Notes by the holder giving notice to the Domiciliary Agent, or by the Issuer giving notice to the Domiciliary Agent and the Noteholders, of its intention to exchange such permanent Global Note for definitive Notes as set out below:

(A) If so specified in the relevant Final Terms (i) on or after any Exchange Date (as defined below) or (ii) at any time or (B) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then upon the request of the holder of the permanent Global Note if either of the following events occurs: (a) if the X/N System, Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 occurs, the holder of a permanent Global Note may surrender such permanent Global Note to or to the order of the Domiciliary Agent. In exchange for any permanent Global Note Fortis Bank will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), security printed in accordance with any applicable legal and competent authority, stock exchange or quotation system requirements and in or substantially in the form set out in Schedule 2 to the Agency Agreement. On exchange of each permanent Global Note, Fortis Bank will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Notes.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Domiciliary Agent is located and on which the X/N System, Euroclear and Clearstream, Luxembourg and any other relevant clearing system are open for business.

If the Issuer is prevented as a result of any legal requirements from delivering, and procuring the delivery of, definitive Notes in exchange for temporary or permanent Global Notes as contemplated in the terms and conditions of the Notes, the Issuer will use its best efforts to put in place an alternative arrangement which provides investors with the same economic results whilst complying with such legal requirements

(2) *Payments*: Payments in respect of the permanent Global Note will be made by or on behalf of the Issuer to the NBB for distribution to accountholders with the X/N System (in the case of payments in euro) or to Euroclear, Clearstream, Luxembourg and the Domiciliary Agent for distribution to the respective accountholders (in the case of payments in currencies other than euro).

(3) *Payment business day*: Subject as provided in the Conditions and the relevant Final Terms, while all the Notes are represented by the permanent Global Note and the permanent Global Note is deposited with the NBB or its custodian and cleared through the X/N System, all payments in respect of the permanent Global Note will be made on a day on which the X/N System is open. If payment is due on a day on which the X/N System is not open, the holder shall not be entitled to payment of the amount due until the next succeeding date on which the X/N System is open and shall not be entitled to any further interest or other payment in respect of any such delay.

(4) *Meetings*: The rights of accountholders with the X/N System, Euroclear, Clearstream, Luxembourg and/or any other clearing system (together, the “*Clearing Systems*”) in respect of meetings of Noteholders in relation to the Notes represented by the permanent Global Note will be governed by the standard procedures of such Clearing Systems and Belgian law. To the extent that the NBB does not attend and vote on behalf of Accountholders as instructed in accordance with the standard procedures of the Clearing Systems, Accountholder shall be entitled to attend and vote in such meetings in accordance with Belgian law and the Issuer shall recognise their entitlement accordingly. By accepting to hold the permanent Global Note, the NBB irrevocably authorises the Accountholders to act on its behalf in such circumstances.

(5) *Issuer’s Option*: In the event that any option of Fortis Bank is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with the X/N System, Euroclear and Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of the NBB, as the operator of the X/N System, the Euroclear and Clearstream, Luxembourg or, in the absence of such procedures, accountholders shall have the same rights as though they held Definitive Notes in an aggregate principal amount equal to the principal amount of such accountholders’ entry in its securities account with such Clearing System in respect of the Notes represented by the permanent Global Note.

(6) *Noteholders’ Option*: Any option of the Noteholders provided for in the Conditions may be exercised by accountholders directly as though they held Definitive Notes in an aggregate principal amount equal to the principal amount of such Accountholders’ entry in its securities account with such Clearing System in respect of the Notes represented by the permanent Global Note.

(7) *Default*: As more fully described in the permanent Global Notes, each permanent Global Note shall become void in whole or in part on the seventh day after notice is served by the person or persons shown in the records of the X/N System, Euroclear or Clearstream, Luxembourg or any other relevant clearing system as the holder or holders of the Notes in respect of which notice is served (the “*Relevant Accountholder*”) upon the occurrence of an event of default. In such circumstances each Relevant Accountholder shall acquire, under the Deed of Covenant against Fortis Bank all rights which the Relevant Accountholder in question would have had if immediately before the permanent Global Note became void, it had been holder of definitive Notes issued on the issue date of the permanent Global Note in an aggregate principal amount equal to the principal amount of the Notes in respect of which such Relevant Accountholder is shown in the records of the X/N System, Euroclear or Clearstream, Luxembourg or any other relevant clearing system.

(8) *Partly-paid Notes*: The provisions relating to Partly-paid Notes will be contained in the permanent Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a permanent Global Note representing such Notes may be exchanged for definitive Notes. In the event that any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer will be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

## DESCRIPTION OF FORTIS LUXEMBOURG FINANCE S.A. AS ISSUER

### 1. Fortis Luxembourg

FORTIS LUXEMBOURG FINANCE S.A. (hereinafter referred to as “**Fortis Luxembourg**”) is a limited liability company incorporated for an unlimited duration under the laws of the Grand-Duchy of Luxembourg with its registered and principal office at 65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, and FORTIS BANK nv-sa, a bank incorporated for an unlimited duration in the Kingdom of Belgium (hereinafter referred to as “**Fortis Bank**”), with its registered office at 1000 Brussels, Montagne du Parc 3.

### 2. Statutory Auditors

The financial statements of Fortis Luxembourg for the years ending 31 December 2004 and 31 December 2005 have been audited without qualification by KPMG Audit, S.à r.l., 31, Allée Scheffer, L-2520 Luxembourg, who are members of the *Institut des Réviseurs d'Entreprises*.

### 3. Selected financial information

(Extracted from the audited annual accounts of Fortis Luxembourg for the year ended 31 December 2005, which have been prepared in conformity with Luxembourg legal and regulatory requirements)

#### Balance Sheet of Fortis Luxembourg

	As at 31 December (in EUR)	
	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Fixed Assets	5,281,337,001	4,610,437,178
Current Assets	2,488,559,043	1,547,116,615
Prepayments	61,746,623	45,469,253
Total Assets	7,831,642,667	6,203,023,046
<b>Liabilities</b>		
Capital and reserves	14,647,875	14,019,161
Creditors	7,751,464,062	6,142,979,061
Deferred income	65,530,730	46,024,824
Total liabilities	7,831,642,667	6,203,023,046

## **Profit and Loss Account of Fortis Luxembourg**

	For the year ended 31 December (in EUR)	
	<u>2005</u>	<u>2004</u>
Gross results	399,801,584	377,083,874
Interest payable and similar costs	395,828,527	375,756,174
Other costs and taxes	3,344,343	2,917,087
Profit/(Loss) for the financial year	628,714	(1,589,387)

The above information for the years ended 31 December 2004 and 2005 is extracted from, and should be read in conjunction with, the audited annual accounts (including the notes thereto) of Fortis Luxembourg for the year ended 31 December 2005. The audited and approved financial statements of Fortis Luxembourg for the years ended 31 December 2004 and 2005 are available free of charge at the head office of Fortis Luxembourg, the head office of the Fiscal Agent, the head office of each Paying Agent, and the head office of the Fortis Bank in Belgium.

### **4. Risk Factors**

***An investment in the Notes involves certain risks. Prospective investors should carefully consider the matters and information set forth in the section entitled "Risk Factors" on page 9 or in the relevant Final Terms prior to investing in the Notes.***

### **History and development of Fortis Luxembourg**

Fortis Luxembourg was incorporated on 24 September 1986 in Luxembourg as a limited liability company (société anonyme) with the name GENFINANCE LUXEMBOURG S.A., which was then changed on 12 November 2001 to FORTIS LUXEMBOURG FINANCE S.A. that is still, at the date of this Base Prospectus, its legal name and the commercial name.

Fortis Luxembourg is registered with the Luxembourg Registry of Commerce and Companies under number B24784.

The Articles of Association of Fortis Luxembourg have been amended several times, most recently by notarial deed in Luxembourg on 7 February 2005. The duration of Fortis Luxembourg is now unlimited. According to Luxembourg Act of 10 December 1998, the capital of Fortis Luxembourg has been converted into euro on 18 April 2001.

The Articles of Association were published in the "*Mémorial, Recueil Spécial des Sociétés et Associations*" on 29 November 1986 (C Nr332) and amendments thereto were also published in the "*Mémorial, Recueil Spécial des Sociétés et Associations*".

Fortis Luxembourg's registered office is at 65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg (telephone number +352 2644 9416).

There have been no recent events particular to Fortis Luxembourg which are to a material extent relevant to the evaluation of Fortis Luxembourg's solvency.

Fortis Luxembourg has not made any investments since the date of the last published financial statements. The principal activities of Fortis Luxembourg are described in the following section.

### **6. Business Overview**

#### **6.1 Principal activities**

Fortis Luxembourg's object is to grant loans to members of the Fortis group. In furtherance of that object, Fortis Luxembourg may issue bonds or similar securities, raise loans, with or without a guarantee and in general have recourse to any sources of finance. Fortis Luxembourg can carry out any operation it perceives as being necessary to the accomplishment and development of its business, whilst staying within the limits of the Luxembourg law of 10 August 1915.

Please refer to paragraph 14.2 below for more information about Fortis Luxembourg's object as stated in the articles of association.

Please refer to the section entitled "*General Description of the Programme*" of the Terms and Conditions of the Notes for more information about the types of securities issued by Fortis Luxembourg.

## 6.2 Principal markets

The long-term debt of Fortis Luxembourg is admitted to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange and/or on Eurolist by Euronext Amsterdam and/or on Eurolist by Euronext Brussels. The debt securities are sold to investors all over the world but within the scope of any applicable selling restrictions.

## 7. Organisational Structure

Fortis Luxembourg is part of Fortis and acts as a financing vehicle for the group. Within Fortis, Fortis Luxembourg is an affiliate of Fortis Bank. For a description of the organisational structure of Fortis, please refer to paragraph 6.6 in the section below entitled "*Description of Fortis Bank, acting as Issuer or Guarantor*").

In respect of Fortis Luxembourg's dependence on entities within the Fortis group, please refer to paragraphs 4 and 6.1 above of this section.

## 8. Trend Information

There has been no material adverse change in the prospects of Fortis Luxembourg since 31 December 2005.

## 9. Profit Forecasts or Estimates

This Base Prospectus does not contain any profit forecast or estimates with regard to Fortis Luxembourg.

## 10. Administrative, Management and Supervisory Bodies

### 10.1 Board of Directors

As at the date of this Base Prospectus, the Board of Directors of Fortis Luxembourg comprises the following persons:

<i>Name</i>	<i>Principal activities performed by them outside Fortis Luxembourg which are significant with respect to Fortis Luxembourg*</i>
Bernard Frenay, director	Performance Manager Merchant Banking of Fortis Bank
Edward Bruin, director	Director of Fiscal Affairs and Product Development of Fortis Intertrust Luxembourg
Jean Thill, director	Global Markets Director of Fortis Banque Luxembourg S.A.
Christian Pithsy, director	Director Market Risk & Risk Communication of Fortis S.A./N.V.
Yvon Pierre Antoni, director	Senior Manager EMTN Funding of Fortis Banque Luxembourg S.A.
Frank van Gansbeke, chairman	Chairman of the Board of Fortis Luxembourg and Global Head of Funding and Liquidity of Fortis Bank

\* Except for their principal functions in Fortis, their other functions in Fortis have not been included.

For the purpose of the Base Prospectus the address of the Directors is 65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg.

No member of the Board of Managing Directors works on a full-time basis for Fortis Luxembourg.

### 10.2 Administrative, Management, and Supervisory bodies conflicts of interests

No conflicts of interests exist between any duties to the issuing entity of the persons referred to above at paragraph 10.1 and their private interests.

However, functional conflicts of interests may exist for the persons referred to above at paragraph 10.1 due to the roles held by these persons in other members of the Fortis group (as described above at paragraph 10.1).

## 11. Board Practices

Fortis Luxembourg does not have an Audit Committee. An Audit Committee exists at Fortis group level as set out in the section entitled "*Description of Fortis Bank, acting as Issuer or Guarantor*" at paragraph 9.1.

Under Luxembourg company law, there is currently no legal corporate governance regime that a company must comply with.

## **12. Major Shareholders**

Fortis Bank holds 99.995 per cent. of Fortis Luxembourg's shares.

## **13. Financial Information Concerning Fortis Luxembourg's Assets and Liabilities, Financial Position and Profits and Losses**

### **13.1 Historical financial information**

The audited annual accounts of Fortis Luxembourg for the years ended 31 December 2005 and 31 December 2004 shall be deemed to be incorporated by reference into and form part of this Base Prospectus in their entirety.

The reports of the *Commissaires aux comptes* issued by KPMG Audit S.à r.l. on 12 April 2005 and 17 March 2006 are included in these 2005 and 2004 audited annual accounts and, as a result, shall also be deemed to be incorporated by reference into and form part of this Base Prospectus in their entirety. The 2005 and 2004 audited annual accounts of Fortis Luxembourg can be obtained free of charge at the head office of Fortis Luxembourg, the head office of the Fiscal Agent, the head office of each Paying Agent, and the head office of the Fortis Bank in Belgium.

#### **(a) 2005 annual account (free translation of the French original)**

(Extracted from the audited annual accounts of Fortis Luxembourg for the year ended 31 December 2005, which have been prepared in conformity with Luxembourg legal and regulatory requirements)

**Balance Sheet as at 31 December 2005 (in EUR)**

	Notes	2005	2004
<b>ASSETS</b>			
Fixed Assets			
Tangible assets		-	265
Financial assets			
Loans to affiliated undertakings	3	<u>5.281.337.001</u>	<u>4.610.436.913</u>
		5.281.337.001	4.610.437.178
Current Assets			
Debtors becoming due and payable within one year			
Other debtors	4	2.432.889.690	1.527.456.828
Cash at bank and in hand			
		<u>55.669.353</u>	<u>19.659.787</u>
		2.488.559.043	1.547.116.615
Prepayments			
	5	61.746.623	45.469.253
		<u><u>7.831.642.667</u></u>	<u><u>6.203.023.046</u></u>
<b>LIABILITIES</b>			
Capital and reserves			
Subscribed capital	6	500.000	500.000
Reserves			
Legal reserve	7	50.000	50.000
Other reserves		1.055.145	1.182.021
Profit brought forward		12.414.016	13.876.527
Profit/(Loss) for the financial year		<u>628.714</u>	<u>(1.589.387)</u>
		14.647.875	14.019.161
Creditors			
Amounts becoming due and payable after more than one year			
Debenture loans	8	4.690.748.124	3.731.843.210
Amounts becoming due and payable within one year			
Debenture loans and commercial papers		2.845.456.675	2.244.550.334
Amounts due to banks		33.835.576	-
Other creditors (including tax: EUR 3.183.110 (2004 EUR 3.838.144))	9	<u>181.423.687</u>	<u>166.585.517</u>
		7.751.464.062	6.142.979.061
Deferred income			
	5	65.530.730	46.024.824
		<u><u>7.831.642.667</u></u>	<u><u>6.203.023.046</u></u>

**Profit and loss account for the year ended 31 December 2005 (in EUR)**

	Notes	2005	2004
<b>Charges</b>			
Staff costs		25.222	2.542
Other operating charges		693.200	541.688
Interest payable and similar charges	10	395.828.527	375.756.174
Tax on profit		2.606.246	2.328.394
Other taxes not shown under the above items		19.675	44.463
Profit for the financial year		628.714	-
		<u>399.801.584</u>	<u>378.673.261</u>
<b>Income</b>			
Other operating income		225.099	-
Income from other transferable securities and from loans forming part of the fixed assets	11	387.942.755	367.083.903
Other interest receivable and similar income	12	11.633.730	9.999.971
Loss for the financial year		-	1.589.387
		<u>399.801.584</u>	<u>378.673.261</u>

The above information for the years ended 31 December 2004 and 2005 is extracted from, and should be read in conjunction with, the audited annual accounts (including the notes thereto) of Fortis Luxembourg for the year ended 31 December 2005.



**(b) Cash flow statements for the financial years ended 31 December 2005 and 2004 (in EUR).**Cash-flow statement for the year 2005  
(in EUR)

Fortis Luxembourg Finance

**Cash flows from operating activities**

	Financial year 2005	Financial year 2004
Consolidated profit	628,714	-1,589,387
Adjustments for		
Depreciation and amortisation	10,875,572	11,052,393
Amortisation issue premiums	-9,839,950	-9,685,151
Unrealised foreign exchange gains / losses	10,511	-38,853
Other changes	-1,044,868	2,367,247
	1,265	3,695,636
Cash flows from business operations		
Creditors - Commercial paper	889,395,569	-480,169,868
Debtors - Commercial paper	-889,414,188	480,288,554
Other changes	2,048,032	2,007,354
	2,029,413	2,126,040
<b>Net cash generated by operating activities</b>	<b>2,659,392</b>	<b>4,232,289</b>
<b>Cash flows from investing activities</b>		
Increase of long term loans to affiliated undertakings	-	-
Redemption of long term loans to affiliated undertakings	1,594,801,355	1,191,780,802
	923,901,267	833,402,230
<b>Net cash generated by investing activities</b>	<b>-670,900,088</b>	<b>358,378,572</b>
<b>Cash flows from financing activities</b>		
Issuance of bonds	1,562,261,406	1,197,164,671
Redemption of bonds	-891,846,720	-838,784,561
<b>Net Cash generated by financing activities</b>	<b>670,414,686</b>	<b>358,380,110</b>
<b>Net increase in cash</b>	<b>2,173,990</b>	<b>4,233,827</b>
Cash and cash equivalents at 1 January	19,659,787	15,425,960
Cash and cash equivalents at 31 December	21,833,777	19,659,787
	2,173,990	4,233,827

## **Comfort letter relating to the Cash Flow Statement for the period ending as at 31 December 2005**

We have performed the procedures enumerated below with respect to the cash flow statement of Fortis Luxembourg Finance S.A. ("**the Company**") for the financial year ending as at 31 December 2005 ("**the Cash Flow Statement**"). The preparation of the cash flow statement is the responsibility of the Board of Directors of Fortis Luxembourg Finance S.A.

### Procedures performed

The following procedures have been performed:

- a) Verify that the amounts included in the Cash Flow Statement are consistent with the corresponding amounts included, where appropriate, in the annual accounts of the Company for the financial year;
- b) Verify that operating, financing and investing flows reported in the Cash Flow Statement are supported by appropriate documentation of such flows for the financial year.

### Factual findings

Our factual findings on the procedures enumerated above are as follows:

- a) No exception noted;
- b) In the absence of detailed information on the flows for the financial year, the amounts included in the Cash Flow Statement have been estimated on the basis of net balance sheet changes from 31 December 2004 to 31 December 2005 and other relevant information included in the notes to the annual accounts of the Company for the financial year ending as at 31 December 2005.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements no assurance is expressed on the cash flow statement.

Had we performed additional procedures or had we performed an audit or review of the Cash Flow Statement in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters may have come to our attention that would have been reported to you.

This letter has been prepared to assist you in the verification of the Cash Flow Statement to be included in any relevant offering and/or listing prospectus of notes to be issued by Fortis Luxembourg Finance S.A. It should not be used in any other context.

Luxembourg, 14 July 2006

KPMG Audit S.à r.l.

### **13.2 Financial statements**

Fortis Luxembourg has no subsidiaries and therefore its financial statements are produced on an unconsolidated basis.

The annual accounts of Fortis Luxembourg are consolidated into the accounts of Fortis Bank. The consolidated accounts of Fortis Bank are available at its registered office: 3 Montagne du Parc, B-1000 Brussels.

### **13.3 Auditing of historical annual financial information**

The financial statements of Fortis Luxembourg for the years ending 31 December 2004 and 2005 have been audited without qualification by KPMG Audit, S.à r.l., 31, Allée Scheffer, L-2520 Luxembourg. No other information in this Base Prospectus has been audited by the auditors. The comfort letter issued by KPMG Audit, S.à r.l. in relation to the cash flow statement as at 31 December 2005 is included above at paragraph 13.1(b).

### **13.4 Age of latest financial information**

The latest audited financial information included is the financial information for the financial year ending 31 December 2005.

### **13.5 Legal and arbitration proceedings**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Fortis Luxembourg is aware), during a period covering 12 months prior to this Base Prospectus which may have, or have had in the recent past, significant effects on Fortis Luxembourg and/or Fortis group's financial position or profitability.

### **13.6 Significant change in Fortis Luxembourg's financial or trading position**

There has been no significant change in the financial or trading position of Fortis Luxembourg since 31 December 2005.

## **14. Additional Information**

### **14.1 Share capital**

Fortis Luxembourg's issued and authorised share capital at 31 December 2005 is EUR 500,000 represented by 20,000 ordinary shares with a nominal value of EUR 25 each. Fortis Luxembourg has no other classes of shares. The share capital is fully paid up in cash. Fortis Luxembourg has no notes cum warrants, nor convertible notes outstanding.

### **14.2 Memorandum and Articles of Association**

Article 4 of the Articles of Association states:

The object of the company is to provide all direct or indirect financing, by any means, to its subsidiaries and other companies belonging to the Fortis Group and to lend funds, to grant loans and to give guarantees and financial and administrative assistance in connection therewith to these subsidiaries and companies.

To realise its object, the company may amongst others:

- Enter into any refinancing operation including amongst others, but not limited to, borrow in any form or obtain loans in any form, to participate into securitisation transactions and obtain funding, by amongst others issuing in any form any kind of bonds or similar securities, debentures, notes, certificates, warrants and all other kinds of financial instruments;
- Give guarantees, pledge or provide any other form of security, be it by personal security or mortgage or charge on all or part of its assets;
- Enter into all kinds of agreements and transactions on derivatives including amongst others, but not limited to, swaps (including credit default swaps), options and futures;
- Enter into all kinds of temporary transfers of securities including amongst others but not limited to securities lending and repurchase transactions.

The company may enter into all transactions, which it deems necessary for the accomplishment and development of its corporate object, remaining within the limits of the law on commercial companies of 10 August 1915.

Fortis Luxembourg is incorporated as a *société anonyme* under the Laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Registry of Commerce and Companies under N° B24784.

## **15. Material Contracts**

No material contracts are entered into, which could result in any member of the Fortis group being under an obligation or entitlement that is material to Fortis Luxembourg's ability to meet its obligation to holders of Notes.

## **16. Third Party Information and Statement by Experts and Declarations of any Interest**

This section entitled "*Description of Fortis Luxembourg Finance S.A. as Issuer*" does not contain third party information or statements by experts except the comfort letter issued by KPMG Audit, S.à r.l. in relation to the cash flow statement as at 31 December 2005 as described and included above at paragraph 13.1(b).

## **17. Documents on Display**

For the life of the Notes, the following documents (or copies thereof) may be inspected at Fortis Bank nv-sa, Montagne du Parc 3, 1000 Brussels, Fortis Bank (Nederland) N.V., Rokin 55, 1012 KK Amsterdam, Fortis Banque Luxembourg S.A., 50 avenue J.F. Kennedy, 2951 Luxembourg as well as at the registered office of Fortis Luxembourg:

- the memorandum and articles of association of Fortis Luxembourg; and
- the historical financial information of Fortis Luxembourg for each of the two financial years preceding the publication of this Base Prospectus.

## **18. Additional information that, at the date of this Base Prospectus, are required to make an offer to the public in Switzerland:**

- (a) Nationality of each member of the Board of Directors of Fortis Bank

<i>Name</i>	<i>Nationality</i>
Bernard Frenay, director	Belgian
Edward Bruin, director	Dutch
Jean Thill, director	Luxembourg
Christian Pithsy, director	Belgian
Yvon Pierre Antoni, director	Trinidad and Tobago
Frank van Gansbeke, chairman	Belgian

- (b) The organisation and powers of the board of directors are described in the articles of association of Fortis Luxembourg which can be obtained free of charge at the head office of Fortis Luxembourg, the head office of the Fiscal Agent, the head office of each Paying Agent, and the head office of the Fortis Bank in Belgium.
- (c) The form of communication of information to the shareholders of Fortis Luxembourg is mentioned in the articles of association of Fortis Luxembourg or in the relevant Luxembourg law. The communications to Noteholders will be made in accordance with Condition 14 of the Terms and Conditions of the Notes, as modified and/or supplemented in the relevant Final Terms.
- (d) Fortis Luxembourg has not paid any dividends to shareholders during the last five financial years.
- (e) The relevant unaudited semi-annual financial statements of Fortis Luxembourg will be included in the relevant Final Terms.

## DESCRIPTION OF FORTIS BANK NV-SA, ACTING AS ISSUER OR GUARANTOR

### 1. Persons Responsible

Fortis Bank nv-sa is a bank incorporated for an unlimited duration in the Kingdom of Belgium, with its registered office at 1000 Brussels, Montagne du Parc 3 (hereinafter referred to as “**Fortis Bank**”).

### 2. Statutory Auditors

The 2004 financial statements of Fortis Bank have been audited without qualification by PricewaterhouseCoopers, Réviseurs d'Entreprises S.C.C.R.L., represented by Luc Discry, Partner, Woluwedal 18, B-1932 Sint-Stevens-Woluwe and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile, represented by Virgile Nijs, Partner, Avenue du Bourget 40, B-1130 Brussels in accordance with the laws of Belgium. The 2005 financial statements of Fortis Bank have been audited without qualification by PricewaterhouseCoopers, Réviseurs d'Entreprises S.C.C.R.L., represented by Luc Discry, Partner, Woluwedal 18, B-1932 Sint-Stevens-Woluwe and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile, represented by Olivier Macq, Partner, Avenue du Bourget 40, B-1130 Brussels in accordance with the laws of Belgium. PricewaterhouseCoopers Réviseurs d'Entreprises SCCRL and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises SCCRL are members of the *Instituut voor Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*.

### 3. Risk Factors

An investment in the Notes involves certain risks. Prospective investors should carefully consider the matters and information set forth in the section entitled “*Risk Factors*” on page 9 or in the relevant Final Terms prior to investing in the Notes.

### 4. Information about Fortis Bank

#### *History and development of Fortis Bank*

##### **General**

Fortis Bank, incorporated in Belgium on 5 December 1934, is a public company with limited liability (*naamloze vennootschap/société anonyme*) under Belgian law. The registered office of the company is located at 1000 Brussels, Montagne du Parc 3, where its headquarters are based and its telephone number is +322 565 3510. Fortis Bank has been established for an indefinite period.

As stated in article 3 of its Articles of Association, Fortis Bank's object is to carry on the business of a credit institution, including brokerage and transactions involving derivatives. It is free to carry out all businesses and operations which are directly or indirectly related to its purpose or which are of a nature that benefit the realisation thereof. Fortis Bank is free to hold shares and share interests within the limits set by the legal framework for banks.

Fortis Bank is registered in the Register of Legal Entities of Brussels under the number 0403.199.702.

Fortis Bank and its subsidiaries “regrouped” the banking activities of Fortis, an integrated financial services provider active in the fields of banking and insurance (see paragraphs 5 and 6 below). Fortis offers its private, business and institutional customers a comprehensive package of products and services through its own distribution channels, in cooperation with intermediaries and via distribution partners. Its multi-channel distribution strategy gives Fortis the flexibility to meet its customers' need to be reachable at all times and their demand for user-friendliness.

There have been no recent events particular to Fortis Bank which are to a material extent relevant to the evaluation of Fortis Bank's solvency.

#### **Historical Overview of the development of the Fortis group**

- 1720** Rotterdam: the Mees family developed a trade financing business that developed into MeesPierson
- 1817** Establishment of the “Maatschappij tot Nut 't Algemeen”, the first of the savings banks which merged in 1983 to become VSB
- 1822** William I, King of the United Netherlands, set up the “Algemeene Nederlandsche Maatschappij ter begunstiging van de Volksvlijt” in Brussels, out of which grew Generale Bank, established in 1934.
- 1865** The reorganisation of the Belgian financial world led to the establishment of the Algemene Spaar-en Lijfrentekas (ASLK-CGER)
- 1989** In the Netherlands, the merger of the insurer AMEV and the savings bank group VSB resulted in

AMEV-VSB

- 1990** Fortis grew out of the merger between the Belgian insurer AG and the Dutch company AMEV-VSB
- 1993** The government institution ASLK-CGER was privatised: Fortis first obtained half the shares and subsequently took full control
- 1995** Generale Bank took over Credit Lyonnais Bank Nederland: Generale Bank Nederland came into being
- 1997** Fortis took over MeesPierson from ABN-AMRO
- 1998** Generale Bank joined the Fortis Group.
- 1999** Fortis Bank resulted from the merger of Generale Bank and ASLK-CGER in Belgium and Generale Bank Nederland, VSB Bank and MeesPierson in the Netherlands

### **Strategy and policy**

The cornerstones of profitable growth of Fortis Bank are as follows:

Grow its franchise profitably:

- Sustained retail focus in banking;
- Merchant Banking's continued growth in the Benelux and investments in selected customer and product niches globally; and
- Commercial & Private Banking being the backbone of its pan-European expansion.

Geographical focus:

- Further growth in Benelux markets;
- Focus on Europe;
- Selective growth in North America and Asia.

Effective support platforms:

- Organisational structure to guarantee performance and coherence across the organisation;
- Leveraging financial resources and integration experience in pursuit of organic and external growth; and
- Create one strong international brand.

### **5. Business Overview**

Fortis Bank combines the banking activities of Fortis and operates on a cross-border basis. Its organisation is centred around 3 businesses:

- Retail Banking, providing financial services to retail customers, self-employed, professionals and small businesses;
- Commercial & Private Banking, providing medium-sized enterprises active cross-border with a full range of financial services and offering integrated worldwide assets and liability management solutions to private clients, their businesses and their advisers;
- Merchant Banking, offering tailored investment and financing solutions to Fortis' institutional and corporate clients.

Each business comprises several business lines which, in turn, group together activities focusing on a specific customer segment.

Moreover, the businesses are able to rely on two critical support functions. The CFO Office is tasked with tracking and reporting on the financial performance of our businesses. The COO Office, covering all the cross-business functions (Operations, Information Services & Technology, Human Resources, Facility Management & Purchasing, Legal & Compliance and Risk Management), helps the businesses grow in a controlled way by providing them with efficient and easy to roll out support platforms, combined with risk management and compliance functions.

## **Retail Banking**

Retail Banking intends to be, and to remain, the bank of choice for individual customers, the self-employed, professionals and small businesses in every market in which it is active. Number two in the Benelux region, the leader in Belgium and Luxembourg, and number four in the Netherlands, Retail Banking is poised to take advantage of significant growth opportunities in these markets.

To meet its growth objectives and competitive targets, Retail Banking intends to put its customers even more at centre stage, particularly by intensifying its efforts to develop the “Customer Bank” concept (which emphasises customer service, availability, transparency and continuous improvement) and by establishing a culture that focuses on sales, customer satisfaction and the development of customer loyalty. In this context, Retail Banking plans to pursue its objectives with respect to staff training, the optimisation of the commercial organisation, product differentiation, the development of its innovative, integrated service offering, and the transition from a “multi-“ to a “cross-channel” distribution strategy.

## **Commercial and Private Banking**

Commercial Banking wants to become the bank of choice for medium-sized companies operating in Europe. It offers financial solutions with added-value through its integrated European network of Business Centres. Its main target group is companies requiring multiple banking services, such as leasing, factoring, international credit facilities, international cash management and finance facilities for acquisitions or trading transactions. The Global Relationship Manager (GRM) offers companies a single point of contact for their financial needs. The GRM is both a channel to all the expertise within Fortis and a provider of tailored solutions.

Under the name MeesPierson, Private Banking is one of the top 15 private banks in Europe and is ranked amongst the market leaders in the field of trust and corporate services. With a presence in 23 countries, the company offers integrated international management of assets and liabilities to wealthy individuals and business clients. The advice and solutions offered by MeesPierson are based on years of experience.

The Commercial & Private Banking business aims to reap the benefits of a combined and global approach to their two closely connected markets. In particular they are looking to benefit from improving the collaboration between Commercial Banking and Private Banking and by pooling their competence in the areas of trust, business management, leasing and so on. This closer co-operation will allow them to develop further the ‘Act as One’ concept and establish a service strategy that is unique in Europe. The business wants to become an international provider of integrated ‘Commercial & Private Banking’ services, putting it at the head of the field in Europe.

In order to strengthen its position and to increase Fortis’ international market visibility, Commercial & Private Banking will prioritise investment in the Fortis brand.

## **Merchant Banking**

Merchant Banking plans to extend its expertise and presence in selected niche markets in which it has recognised expertise (e.g. commodity finance in emerging markets). It will also strengthen its position in its home market, particularly in the Netherlands, as well as in Asia and the United States.

Merchant Banking is the market leader in Belgium and Luxembourg, and is amongst the leading regional and global players in specific niche markets such as commodity finance. Merchant Banking offers its institutional and corporate clients tailored investment and financing solutions, based on its activities in Corporate and Investment Banking, Financial and Capital Markets, Private Equity and Securities Services.

Merchant Banking has opted for a firm focus on the client. As part of its pursuit of optimal and economically rewarding relationships with its clients, the business provides a full range of services, customised to meet clients’ needs, based on an in-depth analysis of their expectations.

Merchant Banking plans to extend its expertise and presence in selected niche markets in which it has recognised expertise (e.g. commodity finance in emerging markets). It will also strengthen its position in its home market, particularly in the Netherlands, as well as in Asia and the United States.

## **6. Organisational Structure: description of Fortis**

### **6.1 General**

Fortis Bank is part of Fortis, which comprises Fortis SA/NV and Fortis N.V., and their respective subsidiaries (“**Fortis group**” or “**Fortis**”). For a description of the legal structure of Fortis, please refer to the section below entitled “*Major Shareholders*”.

Fortis is an international provider of banking and insurance services to personal, business and institutional customers. The company delivers a total package of financial products and services through its own high-performance channels and via intermediaries and other partners.

Fortis' retail banking operations are the market leader in the Benelux region – one of Europe's wealthiest. Building on that leadership, Fortis has developed an integrated, continent-wide network to serve internationally active enterprises. The same, unique skill-set also provides high net worth individuals, enterprises and entrepreneurs with advanced financial services tailored to their specific needs. Fortis' unmatched expertise has made it a regional and in some cases global leader in niche markets like fund administration, export and project finance, shipping and commodities. Fortis successfully combines its banking and insurance skills in growth markets in Europe and Asia, and it leads the market in bancassurance in Spain and Portugal.

Fortis ranks among Europe's top 20 financial institutions, with a market capitalisation of EUR 38.7 billion (30 April 2006). With excellent solvency, a presence in 50 countries and a dedicated, professional workforce of 57,000, Fortis combines global strength with local flexibility.

## **6.2 Fortis' strategy**

The European financial landscape is undergoing fundamental changes which should create growth opportunities in the near future. Major obstacles are gradually being removed from the retail market, which could change the composition of local markets. Changing consumer behaviour and new distribution channels should result in higher growth margins.

Both businesses and institutional customers are continually scaling up their operations. This too should result in an integrated European or world market, offering cross-border opportunities in areas such as leasing, factoring and employee benefits.

To secure a central role for itself in this changing market, early in 2005 Fortis revised its objectives and corporate strategy. Over the next five years, it aims to acquire a strategic position in an enlarged European Union, with its sights set on selective expansion opportunities in Asia and North America.

Fortis plans to further bolster its market position in the retail markets of the Benelux countries and Europe where it is already active. To this end, it will gear its products even more closely to its customers' needs and expand the current distribution channels. Fortis aims to provide its five million private customers with the level of service that can be expected from a first-class financial institution.

Even more intense interaction between the banking and the insurance businesses – both nationally and internationally – should boost growth further. Strategic acquisitions should also augment the channels. The insurance arm should continue to grow in its specific market segments by means of innovation, an improved level of service to bank branches and insurance intermediaries, and cost control.

In addition to improving service in the Benelux-based banking and insurance businesses and developing a number of specialised activities internationally, Fortis will use its expertise to further expand its European network at an accelerated pace. Commercial & Private Banking will lead the way. Business centres will be opened in the new member states of the European Union and Private Banking and Commercial Banking will work together even more intensely. Merchant Banking will continue to invest in selected customer and product segments, including the United States. Fortis will also make every effort to expand its bancassurance model in Europe and Asia.

Based on its goal to serve customers better, Fortis has defined a number of growth-orientated organisational principles in its corporate strategy:

1. Fortis has opted for a new, customer group-driven organisational structure with business-specific and geographical authorities (Europe, Asia and North America). Activities are now organised into six businesses: Retail Banking, Commercial & Private Banking, Merchant Banking, Insurance Belgium, Insurance Netherlands and Insurance International. Three members of the Executive Committee are responsible for co-ordinating Fortis' international expansion in Europe, Asia and North America respectively. The expertise and experience gained in the Benelux countries will thus be fully exploited to guarantee cross-business synergies outside these countries.
2. To support growth of the businesses, the support and operational functions will be merged and managed at Executive Committee level.
3. The Chief Operating Officer will manage the cross-business functions Information Services & Technology, Human Resources, Facility Management & Purchasing, Legal & Compliance, Risk Management and Operations to ensure that the businesses are performance-driven and operate coherently by exploiting cross-border and cross-business synergies and efficient technical and operational processes.
4. The Chief Financial Officer monitors and advances the performance of the businesses in order to optimise profitability of existing activities and to promote integration of the new businesses. In addition, he is also responsible for Mergers & Acquisitions, Reporting and Accounting.
5. The Chief Institutional Relations maintains high-level contact with European and international institutions and local authorities in countries where Fortis is active and where it wishes to invest. He also maintains contact with the regulatory authorities and is in charge of Investor Relations.



This new growth-oriented organisational structure will enable Fortis to derive maximum profitability from its existing markets and activities, to expand internationally and to create synergies between businesses. To support expansion and to increase Fortis' visibility worldwide, the group's main companies – Fortis Bank, Fortis AG, Fortis Verzekeringen Nederland, Fortis Banque Luxembourg, Disbank and MeesPierson – will be rebranded into a single Fortis brand within two years. The new brand represents a strong identity and is based on the Fortis values: stable (reliable), caring (customer-focused), innovative (pioneering) and straightforward (open).

### 6.3 Ambition and goals

Fortis is an international financial services provider with two core competences – banking and insurance. Based on its leading position in the Benelux countries and a drive to provide top-quality services, Fortis aims to acquire a strategic position in the enlarged European Union and is pursuing selective expansion in Asia and North America.

Against this background, Fortis has decided to strive for organic growth together with selective acquisitions and strategic partnerships, while adhering to strict cost control. It aims to achieve average organic growth of net operating profit of 10 per cent. per annum for the period 2005-2009 and to double to 30 per cent. the contribution to profits generated outside the Benelux countries in 2009.

In addition to these strategic objectives, Fortis has defined four long-term financial targets:

- Average annual growth of net profit per share of at least 10 per cent. (excluding capital gains realised on divestments), driven by growth of the various banking and insurance businesses.
- Average operating leverage of more than 250 basis points. As Fortis is expanding through investment, this target has been introduced to ensure that investments lead to stronger revenue growth relative to underlying costs.
- Risk Adjusted Return on Risk Adjusted Capital (RaRoRAC) of at least 15 per cent.. RaRoRAC is a performance yardstick that reflects an activity's return taking into account the economic capital it requires and the average, statistically anticipated level of credit losses over time.
- Stable and growing dividend.

### 6.4 Description of activities in respect of each business

To ensure that its services are organised as effectively as possible, Fortis' operations have been divided into six businesses – three banking and three insurance businesses. Each business applies a powerful customer focus to develop specific products and services for its target group. The basic principle is that this product and service offering has to be accessible at any given moment through a variety of channels. The autonomy enjoyed by the different businesses enable Fortis to meet your needs better and faster.

The six businesses are:

- Retail Banking
- Merchant Banking
- Commercial Banking
- Insurance Belgium
- Insurance Netherlands
- Insurance International

**Retail Banking** provides financial services to individuals and small businesses. Six million customers in Benelux and Turkey currently use Fortis' integrated banking and insurance services. The business is also active in France and Poland, where it specialises in financial advice to businesspeople.

**Merchant Banking** offers tailored investment and financing solutions to Fortis' institutional and corporate clients. The business combines Benelux market leadership with a strong European and worldwide position in fields like structured credits and shipping, commodity and project finance.

**Commercial Banking's** integrated European Business Centre network provides medium-sized enterprises active cross-border with a full range of financial services, delivered via a single Global Relationship Manager. Private Banking offers integrated worldwide asset and liability management solutions to private clients, their businesses and their advisers.

**Insurance Belgium** consists of FB Insurance (bancassurance) and Fortis AG (distribution via independent intermediaries). The business operates a multi-channel strategy, supplying life and non-life policies to private

clients and SMEs. Group life, healthcare and pension products for large enterprises are delivered by the unit Fortis Employee Benefits.

**Insurance Netherlands** is made up of Fortis ASR and four specialist insurers. Fortis ASR is a large generalist insurer offering businesses and individuals a wide range of life and non-life policies, together with mortgage and savings products. The four specialists supply income protection, unit-linked insurance, travel and leisure cover, and funeral policies.

**Insurance International** leverages its existing skills in distribution, operations and products and has established a presence in selected European and Asian markets. It sells its products via a number of channels, including banks. UK: non-life products via broker network, affinity groups and directly. Luxembourg: principally life products via brokers and bank alliances. France: life products via brokers and own agents. Spain, Portugal and Malaysia: successful joint ventures with local banking partners. Thailand and China: JVs with strong local partners, multi-channel distribution. Fortis Corporate Insurance (based in Benelux) is also part of Insurance International.

## **6.5 Key figures: Fortis**

***Fortis realises 45 per cent. increase in 2005 net profit before results on divestments to EUR 3.5 billion***

**Dividend per share up 12 per cent. to EUR 1.16**

Net profit before results on divestments:

- Net profit before results on divestments up 45 per cent. to EUR 3,498 million from EUR 2,410 million
- Banking net profit before results on divestments up 53 per cent. to EUR 2,434 million from EUR 1,590 million
  - Total revenues up 17 per cent. due to strong commercial activity and very good trading results
  - Tight cost management has resulted in operating leverage of 12 per cent.; cost/income ratio has improved to 62.3 per cent. EUR 18 billion net new inflow of funds under management
  - Change in provisions for impairment on loans stable, credit loss ratio down to 10 basis points from 13
- Insurance net profit before results on divestments up 9 per cent. to EUR 1,225 million from EUR 1,126 million
  - Strong profitable top-line growth, sound cost management and favourable claims
  - Gross inflow at Life up 41 per cent. to EUR 11,481 million; funds under management up 27 per cent.
  - Embedded Value up 19 per cent.; Value Added by New Business at Life increased by 39 per cent.
  - Gross written premiums at Non-life (excluding Assurant) up 3 per cent. to EUR 4,775 million
  - Operating leverage 14 per cent., due to profitable top-line growth and cost containment
  - Combined ratio improved to 96 per cent. from 99 per cent.
- 2005 net profit up 32 per cent. on 2004 to EUR 3,941 million; earnings per share up 31 per cent. to EUR 3.07
- Fourth-quarter net profit before results on divestments amounted to EUR 461 million, up 24 per cent. on the fourth quarter of 2004, mainly due to better results at Banking
- Total proposed dividend is EUR 1.16 per share in cash, up 12 per cent. from EUR 1.04 for 2004. As interim dividend of EUR 0.52 per share was paid in September 2005, the proposed final dividend amounts to EUR 0.64 per share.

***Fortis reports strong first quarter 2006 results***

**Net profit before results on divestments up 25 per cent. on first quarter of 2005 to EUR 1,328 million**

- Net profit before results on divestments
  - Fortis: Increase of 25 per cent. to EUR 1,328 million compared with EUR 1,062 million in the very strong first quarter of 2005. Sustained commercial activity and buoyant conditions drove profitable growth in both Banking and Insurance
  - Banking: Increase of 31 per cent. to EUR 1,036 million from EUR 792 million in the first quarter of last year

- Total income up 16 per cent. thanks to increased commercial activity across all businesses
- Cost/income ratio at 54.1 per cent., despite strong investments in growth
- EUR 6 billion net new inflow in funds under management
- Change in impairments on loans very low
- Insurance: Increase of 11 per cent. to EUR 339 million from EUR 305 million in the first quarter of last year
  - Gross inflow at Life up 16 per cent. to EUR 2,752 million; new business, expressed as APE, up 27 per cent.
  - Funds under management up 13 per cent.
  - Gross written premiums at Non-life slightly lower at EUR 1,613 million
  - Cost ratios improved both at Life and Non-life
  - Combined ratio stable at 95 per cent.
- In the first quarter of last year net profit amounted to EUR 1,505 million, benefiting from a EUR 443 million one-off contribution from the transactions relating to the sale of Assurant, which was divested in keeping with Fortis' strategy. In the first quarter of 2006, when no divestments were made, Fortis posted net profit of EUR 1,328 million. Earnings per share came to EUR 1.03.
- First quarter results almost tripled compared with the fourth quarter results for 2005
- Return on equity is 20.5 per cent.

***Fortis first-half 2006 net profit before results on divestments up 29%, strongly driven by very solid Banking performance***

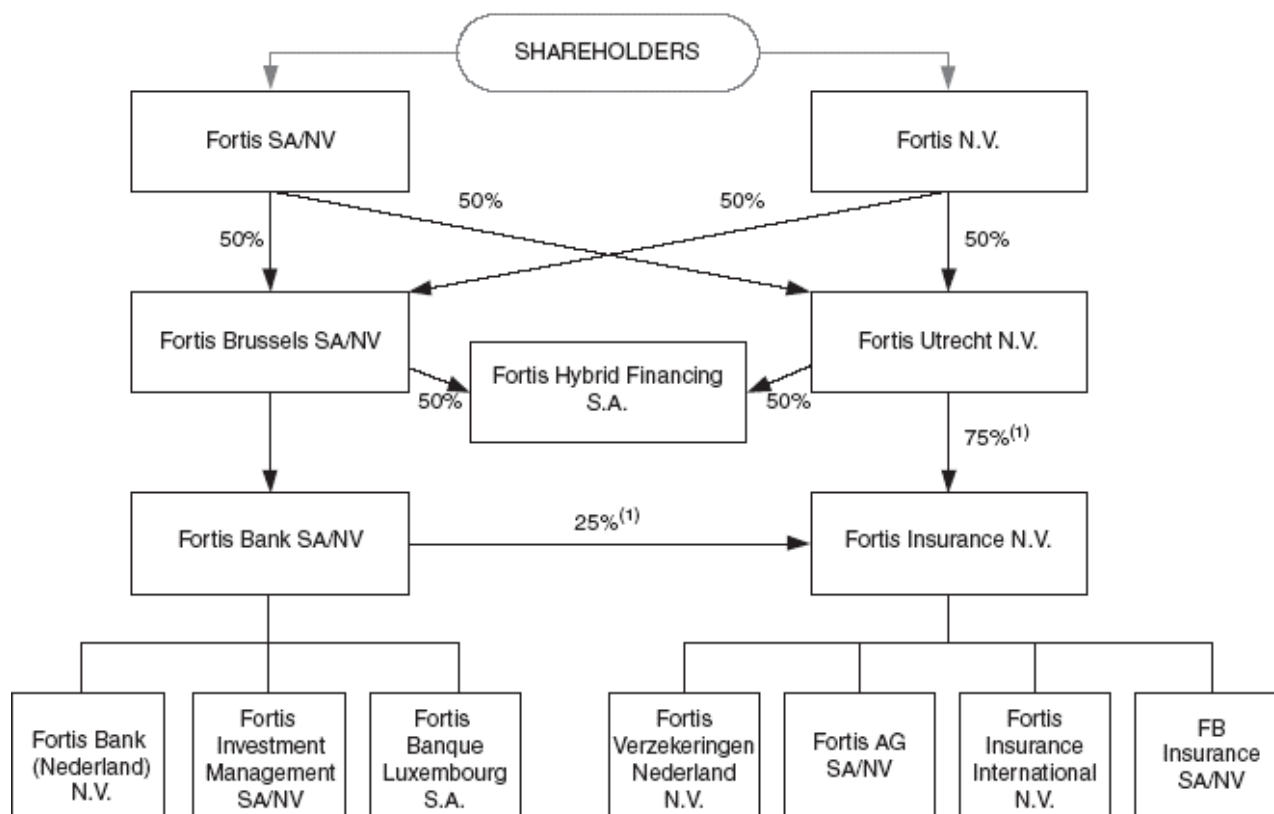
**Update of business plans and financial targets in March 2007**

- Net profit before results on divestments in the first half of 2006
  - Fortis: Increase of 29 per cent. to EUR 2,718 million compared with EUR 2,105 million for the very strong first half of 2005, driven by excellent client business in a favourable operating environment
  - Banking: Increase of 36 per cent. to EUR 2,051 million from EUR 1,503 million in the first half of last year
    - Total income up 22 per cent. thanks to good commercial momentum across all businesses and at all revenue lines: net interest income increase 20 per cent., net commission income increased 34 per cent., treasury and financial markets revenues increased 50 per cent. (whereas capital gains decreased)
    - Cost/income ratio improved from 55.6 per cent. to 53.4 per cent., operating leverage at 480 basis points
    - EUR 8.7 billion net new inflow in funds under management
    - Continued low impairments on loans; credit loss ratio at five basis points
  - Insurance: increased 5 per cent. to EUR 720 million from EUR 684 million in the first half of last year
    - Life focuses on profitable new business: Gross inflow and new business stable at respectively EUR 5.3 billion and EUR 600 million (APE)
    - Funds under management at Life up 8 per cent. year-on-year to EUR 77.7 billion
    - Gross written premiums at Non-life increased by 4 per cent. to EUR 2.8 billion
    - Strong technical results at Non-life; combined ratio remains low at 94.5 per cent.
- In the first half of last year, net profit benefited from a EUR 443 million one-off contribution from the transactions relating to the sale of Assurant. This year, in which no divestments have been made, Fortis has posted net profit of EUR 2,718 million, up 7 per cent.. Earnings per share came to EUR 2.11.
- A record second quarter of 2006 with net profit before results on divestments at EUR 1,390 million, increased 5 per cent. compared to the EUR 1,328 million for the already exceptional first quarter of this year and increased 33% compared to the EUR 1,043 million net profit for the second quarter of 2005.
- Return on equity was 22.3 per cent..
- Interim dividend per share up 12 per cent. to EUR 0.58 in cash, which amounts to 50 per cent. of the previous full-year dividend, in accordance with Fortis' dividend policy.

- The successful implementation of our strategy, supported by a favourable operating environment, has yielded excellent results in the last 18 months. Fortis will therefore update its business plans and consequently reevaluate its long-term financial targets. These will be presented during the disclosure of the 2006 full-year results in March 2007.

More information about Fortis is available at [www.fortis.com](http://www.fortis.com).

## 6.6 Major Shareholders



<sup>(1)</sup> Fortis Bank SA/NV holds preference shares in Fortis Insurance N.V. Fortis Utrecht N.V. holds 100 per cent. of the ordinary shares in Fortis Insurance N.V. The percentage interests included in the table represent voting interests.

Fortis N.V. is a public company with limited liability (*naamloze vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, with its registered office at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands, and registered with the Trade Register at the Chamber of Commerce of Utrecht under number 30072145.

Fortis SA/NV is a public company with limited liability incorporated under the laws of Belgium, with its registered office at Rue Royale 20, 1000 Brussels, Belgium, and registered with the register of legal entities under enterprise number 0451.406.524.

## 7. Trend Information

### 7.1 Material adverse change

There has been no material adverse change in the prospects of Fortis Bank and/or any of its subsidiaries, taken as a whole, since 31 December 2005.

### 7.2 Trends

Any information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Fortis Bank's prospects for the current financial year are set out in the press release published by Fortis on 10 August 2006 concerning its second quarter results for 2006. This press release shall be deemed to be incorporated by reference into and form part of this Base Prospectus in its entirety. This press release can be viewed at [www.fortis.com](http://www.fortis.com).

## 8. Profit Forecasts or Estimates

This Base Prospectus does not include any profit forecasts or estimates with regard to Fortis Bank.

## **9. Administrative, Management and Supervisory Bodies**

### **9.1 Administrative, management and supervisory bodies**

In accordance with the principle of autonomy of the banking function, the decision-making and management structure of Fortis Bank is based on a distinction between the Management Committee and the Board of Directors.

The management of the activities of Fortis Bank is the exclusive responsibility of the Management Committee, which consists of a number of managing directors and operates within the framework of the general policy outlined by the Board of Directors.

The Board of Directors is responsible for the supervision of the management and control of the financial position of Fortis Bank, and for defining the general policy and holds the power to nominate and discharge the members of the Management Committee within the limits of the Protocol on banking autonomy.

All matters not determined by law or the articles of association for the General Shareholders Meeting are the responsibility of the Board of Directors or the Management Committee.

### **9.2 Management of Fortis Bank**

#### ***Board of Directors & Management Committee***

<i>Name</i>	<i>Position</i>
Jean-Paul Votron	Chairman of the Board of Directors
Herman Verwilt	Chairman of the Management Committee
Jos Clijsters	Managing Director, Member of the Management Committee
Karel De Boeck	Managing Director, Member of the Management Committee
Alain Deschenes	Managing Director, Member of the Management Committee
Filip Dierckx	Managing Director, Member of the Management Committee
Joop Feilzer	Managing Director, Member of the Management Committee
Luc Henrard	Managing Director, Member of the Management Committee
Gilbert Mittler	Managing Director, Member of the Management Committee
Christian Schaack	Managing Director, Member of the Management Committee
Lode Beckers	Director
Jozef De Mey	Director
Walter Mersch	Director
Jean Meyer	Director
Jean Stephenne	Director
Peer van Harten	Director
Robert van Oordt	Director
Michel van Pée	Director
Luc Vansteenkiste	Director

The business address of the Board of Directors is at 1000 Brussels, Montagne du Parc 3.

#### ***Accredited Statutory Auditors:***

PricewaterhouseCoopers, Réviseurs d'Entreprises S.C.R.L., of Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Brussels, Belgium, represented by Luc Discry, Partner.

Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile, of Avenue du Bourget 40, B-1130 Brussels, Belgium, represented by Olivier Macq, Partner.

### **Administrative, Management, and Supervisory bodies conflicts of interests**

No conflicts of interests exist between any duties to Fortis Bank of the persons referred to in this section 9 and their private interests and or other duties.

### **External posts held by Directors and Executives that are subject to a legal disclosure requirement**

Pursuant to Article 27 of the Law of 22 March 1993 on the status and supervision of credit institutions and the attendant ruling by the Belgian Banking, Finance and Insurance Commission relating to external posts held by Executives of credit institutions and investment companies, the bank's Board of Directors has adopted "Internal regulations for Directors and Executives of Fortis Bank holding external posts". Inter alia, these regulations stipulate that external posts held by the bank's Executives and Directors in companies other than those falling within the scope of Article 27, § 3, para 3, of the Law of 22 March 1993 shall be disclosed in the annual management report.

The term "Executives" refers to members of the Management Committee and persons in positions at a level immediately below the said Committee, including Managers of foreign branches.

As regards "external posts" - i.e., principally posts as Director of a company - that are subject to disclosure, this involves posts held in companies other than family property companies, "management companies", undertakings for collective investment or companies with which the bank has close links as part of the Group.

The 2004 and 2005 Management Reports Annual Accounts of Fortis Bank shall be deemed to be incorporated by reference into and form part of this Base Prospectus in their entirety, and can be obtained free of charge at the head office of Fortis Luxembourg, at the head office of the Fiscal Agent, the head office of each Paying Agent, and at the head office of the Fortis Bank in Belgium, and can be viewed at [www.fortis.com](http://www.fortis.com)

The external posts held by the members of the Board of Directors are mentioned on pages 147 to 149 of the 2005 Management Report Annual Accounts of Fortis Bank. These external posts can change from time to time.

### **Board Practices**

At Fortis group's level, three committees have been set up within the Board of Directors: a Nomination and Remuneration Committee, a Risk and Capital Committee and an Audit Committee. These have a solely advisory function with respect to the Board of Directors, which remains the only body with decision-making powers.

Each committee currently has four members, all of whom are independent non-executives. The role and responsibilities of each committee, together with its structure and organisation, are specified in individual sets of rules that form part of the Fortis Governance Statement.

Fortis is confident that creating a clearly defined framework for corporate governance will help it communicate better with all its stakeholders.

Important developments on the corporate governance front occurred in 2004 both inside Fortis and beyond, reinforcing this theme - as in preceding years - as a constant focus of attention for the Board. Transparent and effective administration - including adherence to high ethical standards - is absolutely crucial to Fortis. Efficient corporate governance should support operational development, while helping to manage risks as effectively as possible. It is a constantly evolving process and responds to the needs of the organisation and to international best practice.

Fortis Bank complies with the Belgian corporate governance regime as laid down in the Belgian company code.

## **10. Major Shareholders**

Fortis Bank is approximately 100 per cent. owned by Fortis SA/NV and Fortis N.V.

Additional information may be found above in the section above entitled "*Organisational structure: Description of Fortis*".

## **11. Financial information**

### **11.1 Historical Financial Information/Financial statements**

The 2004 and 2005 Management Reports Annual Accounts of Fortis Bank shall be deemed to be incorporated by reference into and form part of this Base Prospectus in their entirety.

These reports can be viewed at [www.fortis.com](http://www.fortis.com) (*Investor Relations/Debt Investor Info/Credit Analyst Service/Annual Accounts of Subsidiaries*).

The audited consolidated annual accounts of Fortis Bank for the years ended 31 December 2005 and the reports of the joint statutory auditors issued by Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile and Pricewaterhouse Coopers, Réviseurs d'Entreprises S.C.C.R.L. on 16 March 2006 are included in the 2005 Management Report Annual Accounts of Fortis Bank.

The audited consolidated annual accounts of Fortis Bank for the years ended 31 December 2004 and the reports of the joint statutory auditors issued by Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile and Pricewaterhouse Coopers, Réviseurs d'Entreprises S.C.C.R.L. on 23 March 2005 are included in the 2004 Management Report Annual Accounts of Fortis Bank.



**2005 consolidated annual account**

(Extracted without material adjustment from the audited consolidated annual accounts of Fortis Bank for the year ended 31 December 2005, prepared by applying Belgian GAAP)

	Codes	2005	2004	
		(in thousands EUR)		
<b>I. BALANCE SHEET AFTER APPROPRIATION</b>				
<b>ASSETS</b>				
<b>I.</b>	<b>Cash in hand, balances with central banks and giro offices</b>	<b>101.000</b>	<b>2,022,627</b>	<b>2,041,256</b>
<b>II.</b>	<b>Government securities eligible for refinancing at the central bank</b>	<b>102.000</b>	<b>624,181</b>	<b>2,462,360</b>
<b>III.</b>	<b>Amounts receivable from credit institutions</b>	<b>103.000</b>	<b>93,771,805</b>	<b>73,824,438</b>
	A. At sight	103.100	8,975,273	10,431,524
	B. Other amounts receivable (at fixed term or period of notice)	103.200	84,796,532	63,392,914
<b>IV.</b>	<b>Amounts receivable from customers</b>	<b>104.000</b>	<b>272,905,869</b>	<b>206,652,646</b>
<b>V.</b>	<b>Bonds and other fixed-income securities</b>	<b>105.000</b>	<b>145,854,731</b>	<b>124,734,090</b>
	A. Of public issuers	105.100	89,691,249	81,376,738
	B. Of other issuers	105.200	56,163,482	43,357,352
<b>VI.</b>	<b>Corporate shares and other variable-income securities</b>	<b>106.000</b>	<b>20,241,846</b>	<b>16,858,630</b>
<b>VII.</b>	<b>Financial fixed assets</b>	<b>107.000</b>	<b>4,229,177</b>	<b>3,432,226</b>
	A. Companies valued by equity method			
	1. Participating interests	107,100	1,904,774	1,582,475
	2. Subordinated loans	107,200	100,000	100,000
	B. Other companies			
	1. Participating interests and shares	107,300	2,170,853	1,721,155
	2. Subordinated loans	107,400	53,550	28,596
<b>VIII.</b>	<b>Formation expenses and intangible fixed assets</b>	<b>108.000</b>	<b>229,773</b>	<b>166,654</b>
<b>IX.</b>	<b>Consolidation differences</b>	<b>109.000</b>	<b>554,525</b>	<b>364,167</b>
<b>X.</b>	<b>Tangible fixed assets</b>	<b>110.000</b>	<b>5,568,467</b>	<b>4,431,497</b>
<b>XI.</b>	<b>Own shares</b>	<b>111.000</b>		
<b>XII.</b>	<b>Other assets</b>	<b>112.000</b>	<b>11,075,996</b>	<b>11,913,522</b>
<b>XIII.</b>	<b>Deferred charges and accrued income</b>	<b>113.000</b>	<b>36,817,298</b>	<b>38,636,986</b>
	<b>TOTAL ASSETS</b>	<b>199.000</b>	<b>593,896,295</b>	<b>485,518,472</b>

	Codes	2005	2004
(in thousands EUR)			
<b>LIABILITIES</b>			
<b>I. Amounts payable to credit institutions</b>	<b>201.000</b>	<b>166,341,020</b>	<b>118,119,063</b>
A. At sight	201.100	11,165,467	4,993,652
B. Resulting from refinancing by rediscounting of trade bills	201.200		11,301
C. Other amounts payable at fixed term or period of notice	201.300	155,175,553	113,114,110
<b>II. Amounts payable to clients</b>	<b>202.000</b>	<b>300,259,924</b>	<b>249,988,965</b>
A. Savings deposits	202.100	48,683,293	44,943,270
B. Other amounts payable	202.200	251,576,631	205,045,695
1. At sight	202.201	88,057,500	71,335,672
2. at fixed term or period of notice	202.202	163,519,131	133,710,023
3. resulting from refinancing by rediscounting of trade bills	202.203		
<b>III. Amounts payable represented by a security</b>	<b>203.000</b>	<b>49,593,227</b>	<b>42,141,559</b>
A. Bills and bonds in circulation	203.100	10,989,936	14,576,667
B. Other	203.200	38,603,291	27,564,892
<b>IV. Other amounts payable</b>	<b>204.000</b>	<b>12,410,104</b>	<b>12,908,774</b>
<b>V. Accrued charges and deferred income</b>	<b>205.000</b>	<b>37,190,526</b>	<b>37,345,656</b>
<b>VI. Provisions for risks and charges, deferred taxes</b>	<b>206.000</b>	<b>1,281,629</b>	<b>1,212,759</b>
A. Provisions for risks and charges	206.100	1,147,350	1,065,539
1. Pensions and similar obligations	206.101	240,287	245,428
2. Fiscal charges	206.102	21,844	9,160
3. Other risks and charges	206.103	885,219	810,951
B. Deferred taxes	206.200	134,279	147,220
<b>VII. Fund for general banking risks</b>	<b>207.000</b>	<b>1,759,200</b>	<b>1,755,686</b>
<b>VIII. Subordinated amounts payable</b>	<b>208.000</b>	<b>12,285,294</b>	<b>10,933,925</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>12,038,823</b>	<b>10,393,716</b>
<b>IX. Capital</b>	<b>209.000</b>	<b>3,111,839</b>	<b>3,111,839</b>
A. Subscribed capital	209.100	3,111,839	3,111,839
B. Uncalled capital	209.200		
<b>X. Share premiums</b>	<b>210.000</b>	<b>4,874,776</b>	<b>4,874,776</b>
<b>XI. Revaluation surpluses</b>	<b>211.000</b>		
<b>XII. Reserves and profit brought forward</b>	<b>212.000</b>	<b>4,009,646</b>	<b>2,420,469</b>
<b>XIII. Consolidation differences</b>	<b>213.000</b>	<b>23,901</b>	<b>1,270</b>
<b>XIV. Exchange differences</b>	<b>214.000</b>	<b>18,662</b>	<b>(14,639)</b>
<b>XV. THIRD PARTY INTERESTS</b>	<b>215.000</b>	<b>736,548</b>	<b>718,369</b>
<b>TOTAL LIABILITIES</b>	<b>299.000</b>	<b>593,896,295</b>	<b>485,518,472</b>

	Codes	2005	2004
		(in thousands EUR)	
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>I. Contingent liabilities</b>	<b>301.000</b>	<b>54,944,668</b>	<b>43,878,913</b>
A. Unnegotiated acceptances	301.100	741,822	765,151
B. Guarantees in the nature of credit substitutes	301.200	3,738,228	3,408,969
C. Other guarantees	301.300	42,784,298	34,810,751
D. Documentary credits	301.400	7,461,252	4,893,900
E. Assets pledged by secured guarantees on behalf of third parties	301.500	219,068	142
<b>II. Commitments which can give rise to a credit risk</b>	<b>302.000</b>	<b>122,877,084</b>	<b>93,964,840</b>
A. Firm commitments to make funds available	302.100	5,545,930	10,236,091
B. Commitments in respect of spot purchases of transferable securities or other assets	302.200	2,102,358	1,174,394
C. Available margin under confirmed credit lines	302.300	115,123,907	82,422,201
D. Commitments to underwrite and place securities	302.400	104,889	132,154
E. Repurchase commitments resulting from imperfect repurchase agreements	302.500		
<b>III. Assets entrusted to the consolidated institutions</b>	<b>303.000</b>	<b>553,435,123</b>	<b>457,696,520</b>
A. Assets held on an organized trusteeship basis	303.100	36,731	2,940,439
B. Assets in safe custody and under similar arrangements	303.200	553,398,392	454,756,081
<b>IV. To be paid upon corporate shares and units</b>	<b>304.000</b>	<b>379,493</b>	<b>202,841</b>

	2005	2004
	(in thousands EUR)	
<b>2. INCOME STATEMENT</b>		
<b>I. Interest and similar revenues</b>	<b>20,387,228</b>	<b>16,113,268</b>
of which : from fixed-income securities	5,203,981	4,563,634
<b>II. Interest and similar charges</b>	<b>(15,751,929)</b>	<b>(11,559,717)</b>
<b>III. Income from variable-income securities</b>	<b>299,780</b>	<b>158,704</b>
A. Corporate shares and units and other variable-income securities	58,776	41,358
B. Participating interests in affiliated enterprises	241,004	117,346
<b>IV. Commission received</b>	<b>2,847,266</b>	<b>2,535,697</b>
<b>V. Commission paid</b>	<b>(647,776)</b>	<b>(555,688)</b>
<b>VI. Profit from (loss on) financial operations</b>	<b>460,866</b>	<b>563,701</b>
A. Foreign exchange transactions and transactions in securities and other financial instruments	382,083	135,139
B. Realization of investment securities	78,783	428,562
<b>VII. General administrative expenses</b>	<b>(4,911,783)</b>	<b>(4,476,883)</b>
A. Wages and salaries, social charges and pensions	3,091,582	2,863,324
B. Other administrative expenses	1,820,201	1,613,559
<b>VIII. Depreciation of and amounts written off on formation expenses and intangible and tangible fixed assets</b>	<b>(1,101,002)</b>	<b>(784,126)</b>
<b>IX. Write-back of amounts written off (Amounts written off ) on amounts receivable and provisions for headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section</b>	<b>(246,619)</b>	<b>(259,413)</b>
<b>X. Write-back of amounts written off (Amounts written off ) on the investment portfolio of bonds, shares and other fixed-income or variable-income securities</b>	<b>9,429</b>	<b>(4,084)</b>
<b>XI. Uses and write-back of provisions for risks and charges other than those referred to by heading "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section</b>	<b>351,017</b>	<b>383,875</b>
<b>XII. Provisions for risks and charges other than those covered by headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section</b>	<b>(391,550)</b>	<b>(328,437)</b>
<b>XIII. Transfers from (Appropriation to) the fund for general banking risks</b>		
<b>XIV. Other operating income</b>	<b>1,084,801</b>	<b>673,149</b>
<b>XV. Other operating charges</b>	<b>(205,909)</b>	<b>(183,215)</b>
<b>XVI. Current profit (Current loss) before taxes</b>	<b>2,183,819</b>	<b>2,276,831</b>

	2005	2004
	(in thousands EUR)	
<b>XVII. Extraordinary income</b>	<b>268,313</b>	<b>180,081</b>
A. Write-back of depreciation and amounts written off on intangible and tangible fixed assets	17,341	15,742
B. Write-back of amounts written off on financial fixed assets	59,479	14,905
C. Write-back of provisions for exceptional risks and charges		4,686
D. Capital gains on disposal of fixed assets	186,662	131,557
E. Other extraordinary income	4,831	13,191
<b>XVIII. Extraordinary charges</b>	<b>(287,372)</b>	<b>(266,788)</b>
A. Extraordinary depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets	710	1,097
B. Amounts written off on financial fixed assets	27,858	32,917
C. Provisions for extraordinary risks and	149,797	40,603
D. Capital losses on disposal of fixed assets	85,347	39,639
E. Other extraordinary charges	23,660	152,532
<b>XIX. Consolidated profit (Loss) for the year before taxes</b>	<b>2,164,760</b>	<b>2,190,124</b>
<b>XX. A. Transfers to deferred taxes</b>	<b>(196,008)</b>	<b>(110,853)</b>
<b>B. Transfers from deferred taxes</b>	<b>171,767</b>	<b>79,448</b>
<b>XXI. Taxes on result</b>	<b>(439,725)</b>	<b>(550,175)</b>
A. Taxes	(479,514)	(605,212)
B. Adjustment of income taxes and write-back of tax provisions	39,789	55,037
<b>XXII. Consolidated profit (Loss) of the year</b>	<b>1,700,794</b>	<b>1,608,544</b>
<b>XXIII. Part of the results of participating interests valued by equity method</b>	<b>329,507</b>	<b>266,957</b>
A. Profits	334,533	296,331
B. Losses	(5,026)	(29,374)
<b>XXIV. Consolidated profit</b>	<b>2,030,301</b>	<b>1,875,501</b>
<b>XXV. Third party interests</b>	<b>37,797</b>	<b>48,762</b>
<b>XXVI. Group profit</b>	<b>1,992,504</b>	<b>1,826,739</b>

## 11.2 Cash flow statements for the years ended 31 December 2005 and 2004

### Note to the cash flow statements for the years ended 31 December 2005 and 2004

The purpose of this note is to describe the basis used by the management of Fortis Bank nv-sa (the “Company”) to prepare the statements of cash flows for the two years ended 31 December 2005 and 2004, respectively (the “Cash Flow Statements”).

The Company’s consolidated financial statements as of and for the years ended 31 December 2005 and 2004, respectively (hereafter, the “Company’s financial statements”), were prepared in accordance with the relevant Belgian financial reporting regulations, which do not require the Company to report cash flows. The financial statements have been audited by the Company’s joint statutory auditors, PricewaterhouseCoopers Réviseurs d’Entreprises SCCRL and Klynveld Peat Marwick Goerdeler Réviseurs d’Entreprises SCC, who have issued unqualified audit reports thereon.

The amounts reported in the Cash Flow Statements have been determined either directly from the balances reported in the Company’s audited financial statements, as defined in the second paragraph of this note, at the beginning and end of each of the two years concerned or, where applicable, by reference to the relevant accounting records underlying those audited financial statements.

Once so determined, the amounts have been presented in the Cash Flow Statements in accordance with the guidance in paragraphs 10-17 of International Accounting Standard IAS 7 – “Cash Flow Statements”.

Consolidated cash-flow statements			(in thousands EUR)	
Fortis	Bank	nv-sa	Financial year 2005	Financial year 2004
<b>Cash flows from operating activities</b>				
Consolidated profit			2,030,301	1,875,501
Adjustments for				
Net realised gains and losses on investment activities			(180,095)	(520,480)
Depreciation and amortisation			1,425,241	282,031
Value adjustments and provisions			248,167	264,893
Other changes			134,460	314,623
			1,627,773	341,067
<b>Cash flow from business operations</b>				
Trading portfolio			(1,177,427)	(14,460,609)
Receivable from credit institutions (not at sight)			(20,913,989)	17,216,075
Receivable from customers			(56,865,703)	(36,049,579)
Payable to credit institutions			46,363,601	8,761,855
Payable to clients			43,794,028	33,484,698
Payable represented by a security			7,434,011	4,539,979
Other changes			(4,360,878)	(1,335,410)
			14,273,643	12,157,009
<b>Net cash generated by operating activities</b>			<b>17,931,717</b>	<b>14,373,577</b>
<b>Cash flows from investing activities</b>				
Investments and purchases				
Investment portfolio			(54,011,821)	(40,427,206)
Participating interests			(493,429)	(2,236,291)
Tangible and intangible fixed assets			(3,692,111)	(1,782,949)
			(58,197,361)	(44,446,446)
Disposals, redemptions and sales				
Investment portfolio			36,350,856	35,813,070
Participating interests			266,442	39,113
Tangible and intangible fixed assets			1,247,305	879,711
			37,864,603	36,731,894
<b>Net cash used in investment activities</b>			<b>(20,332,758)</b>	<b>(7,714,552)</b>
<b>Cash flows from financing activities</b>				
Issuance of subordinated debts			1,807,868	2,033,859
Redemption of subordinated debts			(501,446)	(1,352,406)
Payment of dividends			(401,961)	(713,185)
<b>Net Cash generated by financing activities</b>			<b>904,461</b>	<b>(31,732)</b>
<b>Net increase in cash</b>			<b>(1,496,580)</b>	<b>6,627,293</b>
Cash and cash equivalents at 1 January			12,472,780	5,842,900

Effect of exchange rate changes on cash	21,700	2,587
Cash and cash equivalents at 31 December	10,997,900	12,472,780

### 11.3 Audit Report to the consolidated cash-flow statements

#### Introduction

We have audited the accompanying statements of cash flows for years ended 31 December 2005 and 2004, respectively, hereafter referred to as the "**Cash Flow Statements**". The Cash Flow Statements have been prepared by Fortis Bank nv-sa (the "**Company**"), on the basis described in the note to the Cash Flow Statements. This report is required by item 11.1 of annex XI of Commission Regulation (EC) No 809/2004 (the "**Prospectus Regulation**") and is given for the purpose of complying with that rule and for no other purpose.

#### Responsibility

The directors of the Company are responsible for preparing the Cash Flow Statements in accordance with the basis of preparation described in the note to the Cash Flow Statements.

It is our responsibility to form an opinion as to whether the Cash Flow Statements have been properly prepared, in all material respects, in accordance with that basis of preparation.

#### Basis of opinion

We conducted our work in accordance with the standards of the "*Institut des Réviseurs d'Entreprises – Instituut der Bedrijfsrevisoren*". In accordance with those standards, we planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Cash Flow Statements are free from material misstatement, whether caused by fraud or other irregularity or error.

#### Opinion

In our opinion, the Cash Flow Statements have been properly prepared, in all material respects, in accordance with the basis of preparation described in the note to the Cash Flow Statements.

#### Declaration

For the purposes of Item 13.1 of annex XI of the Prospectus Regulation we are responsible for this report and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration can be included in a registration document in compliance with item 1.2 of annex XI of the Prospectus Regulation.

Yours sincerely,

Brussels, 29 September 2006

PricewaterhouseCoopers  
Réviseurs d'Entreprises SCCRL  
Represented by

Luc Discry

Klynveld Peat Marwick Goerdeler  
Réviseurs d'Entreprises SCRL civile  
Represented by

Olivier Macq



#### **11.4 Auditing of historical annual financial information**

The 2004 financial statements of Fortis Bank have been audited without qualification by PricewaterhouseCoopers, Réviseurs d'Entreprises S.C.C.R.L., represented by Luc Discry, Partner, Woluwedal 18, B-1932 Sint-Stevens-Woluwe and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile, represented by Virgile Nijs, Partner, Avenue du Bourget 40, B-1130 Brussels in accordance with the laws of Belgium.

The 2005 financial statements of Fortis Bank have been audited without qualification by PricewaterhouseCoopers, Réviseurs d'Entreprises S.C.C.R.L., represented by Luc Discry, Partner, Woluwedal 18, B-1932 Sint-Stevens-Woluwe and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.R.L. Civile, represented by Olivier Macq, Partner, Avenue du Bourget 40, B-1130 Brussels in accordance with the laws of Belgium.

***No other information in this section has been audited by the statutory auditors except the cash flow statements for the years ended 31 December 2005 and 2004 as mentioned above.***

#### **11.5 Age of latest financial information**

The most recent audited financial information included in this Base Prospectus are the audited annual financial statements for the year ending 31 December 2005.

#### **12. Legal and arbitration proceedings**

There were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Fortis Bank is aware), during a period covering the 12 months prior to this Base Prospectus which may have, or have had in the recent past, significant effects on Fortis Bank and/or Fortis group's financial position or profitability.

#### **13. Significant change in Fortis Bank's financial or trading position**

There have been no significant changes in the financial or trading position of Fortis Bank or Fortis Bank and its subsidiaries, taken as a whole since 31 December 2005.

#### **14. Additional Information**

##### **14.1 Share Capital**

As at date of this Base Prospectus, the issued and paid-up share capital amounted to EUR 3,111,838,861 and was represented by 160,404,065 no-par-value ordinary shares. Fortis Bank has no other classes of shares. The share capital is fully paid up in cash.

Fortis Bank has no notes cum warrants, nor convertible notes outstanding.

##### **14.2 Memorandum and Articles of Association.**

As stated in article 3 of its Articles of Association, Fortis Bank has as its purpose to carry on the business of a credit institution, including brokerage and transactions involving derivatives. It is free to carry out all businesses and operations which are directly or indirectly related to its purpose or which are of a nature to benefit of the realisation thereof. Fortis Bank is free to hold shares and share interests within the limits set by the legal framework for banks.

Fortis Bank is registered with the Register of Legal Entities under the number 0403.199.702.

#### **15. Material Contracts**

No material contracts have been entered into in the ordinary course of Fortis Bank's business, which could result in any member of the Fortis group being under an obligation or entitlement that is material to Fortis Bank's ability to meet its obligation to holders of the Notes.

#### **16. Third Party Information and Statement by Experts and Declarations of any Interest**

This section does not include any third party information or statement by experts, except the Audit Report to the consolidated cash-flow statements included above at paragraph 11 (Financial Information).

#### **17. Documents on Display**

For the life of the Notes, the following documents (or copies thereof) may be inspected at Fortis Bank nv-sa, Montagne du Parc 3, 1000 Brussels, Belgium, Fortis Bank (Nederland) N.V., Rokin 55, 1012 KK Amsterdam, the Netherlands, and at the principal office of the fiscal agent, Fortis Banque Luxembourg S.A., 50 avenue J.F. Kennedy, 2951 Luxembourg:

- the memorandum and articles of association of Fortis Bank; and
- the historical financial information of Fortis Bank for each of the two financial years preceding the publication of this Base Prospectus;

## **18. Additional information in relation to Fortis Bank in its capacity as guarantor of Notes issued by Fortis Luxembourg Finance S.A.**

### **18.1 Nature of the Guarantee**

Fortis Bank nv-sa (the “**Guarantor**” or “**Fortis Bank**”) will, by the guarantee endorsed on the Notes (the “**Guarantee**”), guarantee the due and punctual payment of all amounts due by Fortis Luxembourg Finance S.A. (the “**Issuer**”) under the Notes and coupons relating to them, when and as the same shall become due and payable, whether by declaration or acceleration or otherwise.

The Guarantee can be Senior, Senior Subordinated or Junior Subordinated, as described under Condition 3 as set out in the section entitled “*Terms and Conditions of the Notes*”.

### **18.2 Scope of the Guarantee**

The Notes have the benefit of a deed of covenant dated 29 September 2006 (the “**Deed of Covenant**”) as amended, supplemented and replaced from time to time). The scope of the relevant guarantee is defined under Condition 3 of the section entitled “*Terms and Conditions of the Notes*” and in the Deed of Guarantee.

### **18.3 Documents on Display**

For the life of the Notes, copies of the Deed of Covenant may be inspected at Fortis Bank nv-sa, Montagne du Parc 3, 1000 Brussels, Belgium, Fortis Bank (Nederland) N.V., Rokin 55, 1012 KK Amsterdam, the Netherlands, and at the principal office of the fiscal agent, Fortis Banque Luxembourg S.A., 50 avenue J.F. Kennedy, 2951 Luxembourg.

## **19. Additional information correct as at the date of this Base Prospectus that may be required in relation to an offer of Notes to the public in Switzerland:**

### **19.1 Nationality of each member of the Board of Directors of Fortis Bank**

<i>Name</i>	<i>Nationality</i>
Jean-Paul Votron	Belgian
Herman Verwilt	Belgian
Jos Clijsters	Belgian
Karel De Boeck	Belgian
Alain Deschenes	Canadian
Filip Dierckx	Belgian
Joop Feilzer	Dutch
Luc Henrard	Belgian
Gilbert Mittler	Belgian
Christian Schaack	Luxembourg
Lode Beckers	Belgian
Jozef De Mey	Belgian
Peer van Harten	Dutch
Walter Mersch	Belgian
Jean Meyer	Luxembourg
Jean Stephenne	Belgian
Robert van Oordt	Dutch

Michel van Pée                      Belgian

Luc Vansteenkiste                  Belgian

### **19.2 Authorised signatories of Fortis Bank**

The latest compendium of authorised signatories of Fortis Bank can be obtained free of charge at the head office of Fortis Luxembourg, at the head office of the Fiscal Agent, the head office of each Paying Agent, and at the head office of the Fortis Bank in Belgium.

### **19.3 Mode of communication to shareholders**

The form of communication of information to the shareholders of Fortis Bank is mentioned in the articles of association of Fortis Bank. The communications to Noteholders will be made in accordance with Condition 14 of the Terms and Conditions of the Notes, as modified and/or supplemented in the relevant Final Terms.

### **19.4 Dividends**

Dividends paid by Fortis Bank at the end of the last five financial years:

	<b>Interim Dividend</b>	<b>Final Dividend</b>	<b>Total Dividend</b>
2005	352,888,943.00	0.00	352,888,943.00
2004	352,888,943.00	352,888,943.00	705,777,886.00
2003	417,050,569.00	449,131,382.00	866,181,951.00
2002	898,262,764.00	0.00	898,262,764.00
2001	0.00	769,939,512.00	769,939,512.00

## TAXATION

*The following is a general description of certain Belgian, Luxembourg, Netherlands, French, Spanish and Swiss tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium, Luxembourg and/or The Netherlands of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### Taxation in Belgium

For Belgian income tax purposes, the Notes are considered as fixed income securities. The tax treatment in Belgium of the Notes will be different depending on whether the issuer of the Notes is Fortis Bank or Fortis Luxembourg Finance. Notes issued by Fortis Bank will hereafter be referred to as “**Belgian Notes**” while Notes issued by Fortis Luxembourg Finance will be referred to as “**Foreign Notes**”.

Notes issued by Fortis Bank may be cleared through the X/N clearing system. The withholding tax treatment in respect of Notes cleared through the X/N system is different from that of other Notes and is set out below under the heading “**Withholding tax treatment applicable to Notes held in the X/N system**”.

#### *Taxation applicable to individuals resident in Belgium*

Belgian residents subject to Belgian personal income tax are normally subject to the following tax treatment with regard to the Notes.

The interest on Belgian Notes is subject to a Belgian withholding tax of 15 per cent. The same applies to interest on Foreign Notes if such interest is collected through a financial intermediary established in Belgium. If Belgian withholding tax has been withheld, the interest will not be taxed further, and need not be reported in the tax return. Noteholders who collect the payment abroad without Belgian withholding tax are required to mention this income in their tax return and will be taxed at 15 per cent. plus local surcharges.

Notes cleared through the X/N system are subject to a special regime in respect of withholding tax (see below).

Capital gains realised on the sale of Notes on the secondary market before maturity are generally not taxable for individuals (except the accrued interest component), save where the purchaser is the issuer. In the latter case, capital gains are taxable as interest. Capital losses realised on the sale of Notes are not tax deductible.

Other rules may be applicable in certain specific cases, especially when the Noteholders are Belgian residents holding investments within the framework of their professional activity, or when transactions regarding the Notes fall outside the scope of common private asset management transactions.

#### *Taxation applicable to Belgian corporations*

Companies that are subject to Belgian corporate tax are normally subject to the tax treatment described below with regard to the Notes.

The total amount of income from the Notes will be part of the taxable profit of the company.

The amount of interest on Belgian Notes is subject to a Belgian withholding tax of 15 per cent.

Interest on Foreign Notes that is collected through a financial intermediary established in Belgium is in principle also subject to Belgian withholding tax, but may benefit from an exemption if the company receiving the interest delivers a specific residence certificate. This withholding tax exemption does not apply in case of a zero coupon bond.

Notes cleared through the X/N system are subject to a special regime in respect of withholding tax (see below).

Any Belgian withholding tax can be offset against the investor's corporate tax, but only in proportion to the period during which the company held the notes.

Capital gains realised on the sale of the Notes are taxable while capital losses realised as well as latent capital losses expressed in the accounts are in principle tax deductible.

#### *Taxation applicable to non-profit entities (such as pension funds)*

The interest on Belgian Notes is subject to a Belgian withholding tax of 15 per cent. The same applies to interest on Foreign Notes if such interest is collected through a financial intermediary established in Belgium. If Belgian withholding tax has been withheld, the interest will not be taxed further. Noteholders who collect the payment abroad without Belgian withholding tax are required to declare this income and to pay the withholding tax on their own initiative.

Notes cleared through the X/N system are subject to a special regime in respect of withholding tax (see below).

Capital gains realised on the sale of Notes on the secondary market before maturity are generally not taxable for non-profit entities (except the accrued interest component), save where the purchaser is the issuer. In the latter case, capital gains are taxable as interest. Capital losses realised on the sale of Notes are not tax deductible.

#### *Taxation applicable to non-Belgian residents*

The income of Belgian Notes is subject to a withholding tax of 15 per cent unless the Noteholder has the benefit of a tax treaty which provides for an exemption or reduction from withholding tax. The income of Foreign Notes paid to non-Belgian resident investors is not subject to Belgian withholding tax if it is not collected through a Belgian financial intermediary. Income of Foreign Notes that is collected through a financial intermediary established in Belgium may be subject to 15 per cent. withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a tax treaty.

An exemption from withholding tax is also available in respect of interest on Foreign Notes collected through a Belgian credit institution, brokerage firm or clearing and settlement system if the non-resident is the owner or usufructer of the Notes and provided a certificate is delivered stating that he has not allocated the Notes to business activities in Belgium and that he is a non-resident.

Notes cleared through the X/N system are subject to a special regime in respect of withholding tax (see below).

Non-resident companies who allocate the Notes to a business activity in Belgium (for example, through a permanent establishment) are subject to the same rules as companies resident in Belgium.

Non-resident Noteholders who do not allocate the Notes to a business activity in Belgium are not subject to Belgian income tax save, as the case may be, in the form of withholding tax.

In accordance with European Council Directive 2003/48/EC on the taxation of savings, Belgium enacted on 17 May 2004 a law that incorporates this directive into Belgian law. The law provides that interest paid to individuals resident in a European Union member state other than Belgium are subject to a "levy for the State of residence", the rate of which has been set at 15 per cent. for the three first years after the entry into force of the law, 20 per cent. for the three following years and 35 per cent. thereafter. A levy for the state of residence will also be applied in respect of interest paid to residents in the following third countries: Switzerland, Andorra, Monaco, Liechtenstein, San Marino, Dutch Antilles, Aruba, Guernsey, the Isle of Man, Jersey, Anguilla, the British Virgin Islands and Montserrat. The tax will not be levied if the beneficial owner provides to the paying agent a certificate issued in his name by the competent authority of his state of residence. The European Union decided on 19 July 2004 that the directive should in principle be applied as from 1 July 2005. The law of 17 May 2004 has taken effect on 1 July 2005.

#### *Withholding tax treatment applicable to Notes held in the X/N system*

The holding of the Notes in the NBB clearing and settlement system permits most types of investors (the "**Eligible Investors**", see below) to collect interest on their Notes free of withholding tax, and to trade their Notes on a gross basis.

Participants in the NBB system must keep the Notes they hold for the account of Eligible Investors on so called "X accounts", and those they hold for the account of non-Eligible Investors on "N accounts". Payments of interest made through X accounts are free of withholding tax; payments of interest made through N accounts are subject to a withholding tax of 15 per cent., which the NBB deducts from the payment and pays over to the tax authorities. In the case of Notes issued at a discount, the difference between the issue price and the nominal amount constitutes interest for these purposes.

Transfers of Notes between an X account and an N account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N account to an X account gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date. The withholding tax is due in euro, and is calculated based on the rate of exchange published two business days earlier by the NBB.
- A transfer from an X account to an N account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest

payment date up to the transfer date. The refund is payable in euro, and is calculated based on the rate of exchange published two business days earlier by the NBB.

- Transfers of Notes between two X accounts do not give rise to any adjustment on account of withholding tax.

These adjustment mechanics are such that parties trading the Notes on the secondary market, irrespective of whether they are Eligible or non-Eligible Investors, are in a position to quote prices on a gross basis.

The main categories of Eligible Investors are as follows:

- Belgian resident corporate investors;
- Belgian pension funds;
- corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not;
- individuals who are non-residents of Belgium, unless their holding of the Notes is connected to a permanent establishment they have in Belgium; and
- non incorporated foreign collective investment schemes (such as *fonds communs de placement*) whose units are not publicly offered or marketed in Belgium.

The main categories of non-Eligible Investors are as follows:

- Belgian resident individuals;
- Belgian non profit organisations (other than pension funds); and
- non incorporated Belgian collective investment schemes (*fonds communs de placement*) and similar foreign funds whose units are publicly offered or marketed in Belgium.

(The above categories summarise the detailed definitions contained in Article 4 of the royal decree of 26 May 1994, to which investors should refer for a precise description of the relevant eligibility rules.)

When opening a securities account for the holding of Notes or other securities kept in the NBB clearing and settlement system, investors are required to provide the financial institution where this account is kept with a statement as to their tax status. This statement need not be periodically reissued. No such statement is required of investors who are non-residents of Belgium and keep their Notes on a securities account through Euroclear or Clearstream, Luxembourg.

#### *Stamp duties*

Secondary market trades in respect of the Notes may give rise to a stamp duty (*taks op beursverrichtingen / taxe sur les opérations de bourse*) if they are carried out through a financial institution established in Belgium. The amount of the stamp duty, however, is capped at EUR 500 per transaction, and various types of investors (including credit institutions, insurance companies, pension funds and all non-residents of Belgium) are exempted from this stamp duty.

#### *Tax on the delivery of bearer instruments*

The delivery to Noteholders (but not to the X/N System, Euroclear or Clearstream, Luxembourg) of Notes in bearer form will give rise to a 0.6 per cent. tax on the delivery of bearer instruments, if such delivery occurs in Belgium and unless it is made in connection with a primary market subscription to these Notes.

#### *Inheritance duties*

No Belgian inheritance duties will be levied in respect of the Notes if the deceased Noteholder was not a Belgian resident at the time of his or her death.

### **Taxation in Luxembourg**

The Issuers have been advised that under the existing laws of Luxembourg as currently applied by the Luxembourg tax authorities:

- (a) All payments of interest and principal by Fortis Luxembourg under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to:
  - (i) the application of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive (please refer to the paragraph below entitled "*EU Savings Directive*") and

providing for the possible application of a withholding tax (15 per cent. from 1 July 2005 to 30 June 2008, 20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. from 1 July 2011) on interest paid to certain non-Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appoint a paying agent in Luxembourg within the meaning of the above-mentioned directive (for more information, please refer to the paragraph below entitled "*EU Savings Directive*"); and

- (ii) the application of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive) in respect of Luxembourg resident individuals. This law should apply to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Responsibility for the withholding of tax in connection with the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 shall be assumed by the Luxembourg paying agent within the meaning of these laws and not by the relevant Issuer.

As of 1 January 2006 a 10 per cent. withholding tax applies on interest payments made by Luxembourg paying agents to Luxembourg individual residents. This withholding tax also applies on accrued interest received upon sale, redemption or repurchase of the Notes, Receipts or Coupons. Regarding individuals resident in another European Union member state, the withholding tax treatment is subject to the EU Savings Directive.

- (b) A holder of Note who derives income from such Note or who realises a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on income or capital gains unless:
  - (i) such holder is, or is deemed to be, resident in Luxembourg; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (c) Luxembourg net wealth tax will not be levied on a holder of a Note unless:
  - (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
  - (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;

In respect of individuals, the Luxembourg law of 23 December 2005 has abolished the net wealth tax with effect from 1 January 2006.

- (d) No Luxembourg inheritance tax is levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.
- (e) Luxembourg gift tax will be levied in case the gift is made pursuant to a notarial deed signed before a Luxembourg notary.
- (f) It is not compulsory that the Notes be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes, in accordance therewith, except that, in case of use of the Notes, either directly or by way of reference, (i) in a public deed, (ii) in a judicial proceeding in Luxembourg or (iii) before any other Luxembourg official authority (*autorité constituée*), registration will in principle be ordered which implies the application of a fixed or an ad valorem registration duty and calculated on the amounts mentioned in the Notes.
- (g) There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided that Luxembourg value-added tax may, however, be payable in respect of fees charged for certain services rendered to Fortis Luxembourg, if for Luxembourg value-added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services.
- (h) A holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

## Taxation in The Netherlands

### (a) *Dutch Resident Holders*

Holders who are individuals and are resident or deemed to be resident in The Netherlands, or who have elected to be treated as a Dutch resident Holder for Dutch tax purposes, are subject to Dutch income tax on a deemed return regardless of the actual income derived from a Note or gain or loss realised upon disposal or redemption of a Note, provided that the Note is a portfolio investment and is not held in the context of any business or substantial interest. The deemed return amounts to 4 per cent. of the average value of the Holder's net assets in the relevant fiscal year (including the Notes) and is taxed at a flat rate of 30 per cent. Any Belgian or Luxembourg withholding tax that is deducted from interest payments in respect of the Notes as a result of implementing the EU Savings Directive (only during the transitional period: please refer to "EU Savings Directive" below), can be fully offset against the investor's Dutch income tax liability.

Corporate Holders that are resident or deemed to be resident in The Netherlands, without being exempt from Dutch corporate tax, will be subject to Dutch corporate tax on all income and gains realised in connection with the Notes. Any Belgian or Luxembourg withholding tax can be offset against the Dutch corporate income tax liability on world-wide income if certain conditions are met.

### (b) *Non-Dutch Resident Holders*

Non-Dutch resident Holders normally will not be subject to Dutch income or corporate taxation with respect to income or capital gains realised in connection with a Note, unless there is a specific connection with The Netherlands, such as an enterprise or part thereof which is carried on through a permanent establishment in The Netherlands.

A Holder will not become resident or deemed to be resident in The Netherlands by reason only of the holding of a Note.

### (c) *Registration taxes, stamp duty etc.*

There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty payable by the Holder in The Netherlands in connection with the Notes.

### (d) *Withholding tax*

In principle, all payments by the Issuer to the Holder in respect of the Notes can be made free of any Dutch withholding tax.

## Taxation in Spain

*The following is a brief summary of the tax regime applicable to investments in the Notes.*

*The information provided below does not purport to be a complete summary of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom are dealers in securities) may be subject to special rules. The summary below is based on tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retrospective effect.*

*Each of the potential investors in the Notes should carry out an exhaustive examination of the applicable tax regime, in light of the specific circumstances which apply to them and the regulations in force when receiving and filing any tax return in relation to income or gain relating to the Notes.*

### *Introduction*

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Prospectus:

- (a) for individuals with tax residence in Spain who are Personal Income Tax taxpayers, Royal Legislative Decree 3/2004, dated 5 March 2004 enacting the Consolidated Text of the Personal Income Tax Law<sup>1</sup>, and Royal Decree 1775/2004, dated 30 July 2004, enacting the personal Income Tax Regulations, along with Law 19/1991, dated 6 June 1991 regarding Wealth Tax and Law 29/1987, dated 18 December 1987, regarding Inheritance and Gift Tax;
- (b) for legal entities that are residents in Spain for tax purposes and are Corporate Income Tax taxpayers, Royal Legislative Decree 4/2004, dated 5 March 2004 enacting the Consolidated Text of the Corporate Income Tax Law, and Royal Decree 1777/2004, dated 30 July 2004, promulgating the Corporate Income Tax Regulations; and

---

<sup>1</sup> The Spanish Parliament is currently considering a new Personal Income Tax Law. The project also contains certain amendments to Corporate Income Tax Law and Non Residents Income Tax Law and, presumably, would enter into force on January 1, 2007.



- (c) for individuals and entities who are not residents in Spain for tax purposes, Royal Legislative Decree 5/2004, dated 5 March 2004, enacting the Consolidated Text of the Non-Resident Income Tax Law, and Royal Decree 1776/2004, dated 30 July 2004, enacting the Non-Resident Income Tax Regulations, along with Law 19/1991, dated 6 June 1991, regarding Wealth Tax and Law 29/1987, dated 18 December 1987, regarding Inheritance and Gift Tax.

#### *Acquisition of the Notes*

The issue, subscription, transfer and acquisition of the Notes is exempt from Transfer Tax and Stamp Duty (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and Value Added Tax (*Impuesto sobre el Valor Añadido*).

#### *Taxation derived from the Notes*

The following paragraphs will refer to the tax treatment for each category of investor as a result of any income arising from the Notes as well as any tax due from their holding.

We will separately refer to each category of investor.

#### (a) *Individuals with tax residency in Spain*

##### (i) *Personal income Tax (Impuesto sobre la Renta de las Personas Físicas)*

Income obtained by Noteholders, both as interest and in connection with the transfer, redemption or repayment of the Notes, will be considered income on investments obtained from the transfer of their own capital to third parties, as defined in Section 23.2 of the Personal Income Tax Law.

In this sense, in the event of interest income derived from the Notes, the aggregate income will be determined by the gross amount of interest received, including any withholding tax applied, as the case may be.

Furthermore, in the event of transfer, redemption or repayment of the Notes, the income on this investment must be deemed to be the difference between the transfer, redemption or repayment value (minus properly supported ancillary disposal expenses) and the acquisition or subscription value (plus properly supported ancillary acquisition expenses). Expenses corresponding to discretionary or individual portfolio management are not computed for these purposes.

If the period during which such income is generated exceeds two years, a reduction of 40 per cent. on the taxable amount will be applied.

The income obtained will be subject to tax at the marginal rates set out in the Personal Income Tax Law (currently ranging between 15 per cent. and 45 per cent.). In addition, the Spanish resident Noteholder would be allowed to apply a double tax credit on the lesser of the two following amounts:

- the tax effectively paid abroad, provided it has identical or analogous nature as the Personal Income Tax or Non-Resident Income Tax.
- the result of applying the taxpayer's average tax rate to the portion of the taxable basis that is taxed abroad.

Payments received by Spanish resident investors will not be subject to withholding or payment on account in Spain notwithstanding any withholding that may be due in other countries and, in particular, in the country of residence of the issuer.

##### (ii) *Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals with tax residency in Spain under the obligation to pay Wealth Tax must take into account the Notes they hold at 31st December of each year when calculating their Wealth Tax liabilities.

Spanish Wealth Tax is levied on the net value of the assets of an individual at rates ranging between 0.2 per cent. and 2.5 per cent..

##### (iii) *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to Inheritance and Gift Tax in accordance with the applicable regional or State rules.

(b) *Legal entities with tax residency in Spain*

We will only refer to those Corporate Income Tax taxpayers subject to the standard regime. There may exist some particularities for those entities subject to any of the special regimes contemplated in the Law such as patrimonial entities or Collective Investment Institutions.

(i) *Corporate Income Tax (Impuesto sobre Sociedades)*

Income obtained by Noteholders as a result of interest payments or deriving from the transfer, redemption or repayment of the Notes will constitute taxable income for Corporate Income Tax purposes in accordance with the rules of said tax.

Such income will be computed as taxable income and included on the basis of assessment of Corporate Income Tax together with other income obtained by the taxpayer within the relevant tax period. The standard rate is currently 35 per cent., but other rates may apply depending on the investor's details.

(ii) *Wealth Tax (Impuesto sobre el Patrimonio)*

Legal entities are not subject to Wealth Tax.

(iii) *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

As a general rule, legal entities with tax residency in Spain are not subject to Inheritance and Gift Tax.. If any such entity acquires ownership or other rights over the Notes through an inheritance, gift or legacy, the relevant income obtained will be taxable under Spanish Corporate Income Tax rules.

(c) *Individuals and legal entities without tax residency in Spain*

(i) *Non-residence Income Tax (Impuesto sobre la Renta de No Residentes)*

Those taxpayers operating in Spain through a permanent establishment must be distinguished from those that are not.

(1) Non-residents with permanent establishment in Spain

If the Notes are included in the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those previously set out for Corporate Income Tax taxpayers. The applicable tax rate would be 35 per cent..

(2) Non-residents without permanent establishment in Spain

As long as the Notes are not issued by a Spanish resident entity and they do not represent an assignment of funds to a Spanish resident entity, both payments of interest and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who have no tax residency in Spain, will not be subject to tax in Spain.

(ii) *Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals who are not tax residents in Spain will be subject to Wealth Tax to the extent that the Notes are located or the rights under such Notes can be exercised in Spanish territory.

Non-resident legal entities are not subject to Wealth Tax.

(iii) *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals who do not have tax residency in Spain and acquire ownership or other rights over the Notes by inheritance, gift or legacy will only be subject to Inheritance and Gift Tax to the extent that the Notes acquired are located or the rights under such Notes can be exercised in Spanish territory notwithstanding the provisions of an applicable double tax treaty signed by Spain with the country of residence of the Noteholder.

(d) *Withholding taxes*

The Issuer is not incorporated in Spain nor is it managed and controlled in Spain, therefore it will not be treated as resident in Spain for tax purposes.

On the basis that the Issuer is not resident in Spain for tax purposes and does not operate in Spain through a permanent establishment, branch or agency, payments of interest under the Notes will not be subject to withholding tax or payment on account in Spain.

## Taxation in France

### *Registration taxes, stamp duty, etc.*

No stamp, issue, registration or similar taxes or duties will be payable in France by the Holder in connection with the Notes.

### *Withholding tax*

The interest from the Notes received by French tax resident individuals holding the Notes as part of their private assets may, at the taxpayer's option, and subject to certain compliance formalities, be subject to a final withholding tax (*prélèvement libératoire*) at the rate of 16 per cent., the *contribution sociale généralisée* ("CSG") of 8.2 per cent., the *prélèvement social* of 2 per cent. and the contribution *additionnelle* au *prélèvement social* of 0.3 per cent. and the *contribution au remboursement de la dette sociale* ("CRDS") of 0.5 per cent., resulting in a global tax rate of 27 per cent..

Subject to the above, all payments by the Issuer to the Holder in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in France.

### *Residents*

Under current French legislation, the following summary describes the tax consequences that may be applicable to Holders resident in France for tax purposes. The Holders should nevertheless consult their usual tax advisers for details of the tax regime that applies to their particular case.

#### 1. Individuals holding Notes as part of their private assets

##### (a) Interest

The interest from the Notes received by individuals holding the Notes as part of their private assets is:

- (i) either included in the total income, subject to income tax at the progressive rate, the CSG of 8.2 per cent., 5.8 points of which is deductible from the income tax basis, a *prélèvement social* of 2 per cent. and the *contribution additionnelle au prélèvement social* of 0.3 per cent. and the CRDS of 0.5 per cent.; or
- (ii) at the taxpayer's option, subject to a final withholding tax (*prélèvement libératoire*) at the rate of 16 per cent., the CSG of 8.2 per cent., the *prélèvement social* of 2 per cent. and the *contribution additionnelle au prélèvement social* of 0.3 per cent. and the CRDS of 0.5 per cent., resulting in a global tax rate of 27 per cent..

If the Paying Agent levies a withholding tax on the interest from the Notes pursuant to the rules detailed in paragraph EU Savings Directive received below section, individuals resident in France for tax purposes may benefit, in accordance with Article 199 *ter* of the French Tax Code (*Code général des impôts* or "CGI"), from a tax credit equal to the amount of the tax withheld.

##### (b) Capital gains

Pursuant to Article 150-0 A of the CGI, when the aggregate amount of disposals of securities or shares per tax household exceeds the threshold of €15,000 per year, capital gains realised by individuals are taxable from the first euro.

The capital gains are subject to income tax at the rate of 16 per cent., the CSG of 8.2 per cent., the *prélèvement social* of 2 per cent. and the *contribution additionnelle au prélèvement social* of 0.3 per cent. and the CRDS of 0.5 per cent..

As from 2002, capital losses incurred in one year can be set off only against capital gains of the same type realised in the year of the disposal or in the ten following years where, for the year in which capital losses are incurred, disposals were in excess of € 15,000.

#### 2. Companies subject to corporate tax

##### (a) Interest

Interest accrued on Notes over the fiscal year is included in the corporate tax basis at the rate of 33 1/3 per cent..

A social contribution of 3.3 per cent. (Article 235 *ter* ZC of the CGI) is also applicable on the amount of corporate tax with an allowance of € 763,000 for each 12-month period. However, entities that have a turnover of less than € 7,630,000 and whose share capital is fully paid-up and of which at least 75 per cent. is held continuously by individuals (or by an entity meeting all of these requirements) are exempt from this contribution. For an entity that meets these requirements, the corporate tax is fixed, for taxable income up to € 38,120 within a twelve-month period, at 15 per cent..

(b) Capital gains

The capital gain or loss realised upon disposal of the Notes is included in the corporate tax basis at the rate of 33 1/3 per cent. (or, where applicable, 15 per cent. up to an amount of € 38,120 per period of twelve months for entities that meet the conditions described in 2 (a) above). In addition, the social contribution of 3.3 per cent. mentioned above is levied where applicable.

*Non-residents*

Non-French tax resident Holders normally will not be subject to French income or corporate taxation with respect to income or capital gains realised in connection with the Notes, unless there is a specific connection with France, such as an enterprise or part thereof which is carried on through a permanent establishment in France.

A Holder will not become resident or deemed to be resident in France by reason only of the holding of a Note.

**Taxation in Poland**

*The following is a general description of certain Polish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Poland or elsewhere. Prospective purchasers of the Notes should consult their tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Poland. This summary is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

*Taxation applicable to individuals resident in Poland*

Income received from the Notes is subject to the Polish personal income tax at a flat rate of 19 per cent.. This income is recognised on cash basis, i.e. when interest is paid or capitalised, or when discount amount is actually paid. Withholding tax paid on this income abroad can be deducted from Polish income tax. However, such deduction shall not exceed that part of income tax, computed before the deduction, which is attributable to income taxed in the country of its source.

Noteholders are obliged to declare income from the Notes in their annual tax return. According to the most recent standpoint of the Ministry of Finance, this rule applies even if such income is collected through a Polish paying agent. Previously this issue was controversial, as some tax authorities took the approach that paying agents are obliged to withhold 19 per cent. personal income tax on income received from the Notes.

Capital gains realised on the sale of Notes are also subject to personal income tax at a flat rate of 19 per cent.. These capital gains are recognised for tax purposes on an accrual basis.

*Taxation applicable to corporations resident in Poland*

For the Noteholders subject to corporate income tax, income from the Notes is part of their taxable income taxed at standard 19 per cent. rate. Withholding tax paid on this income abroad can be deducted from Polish income tax. However, such deduction shall not exceed that part of income tax, computed before the deduction, which is attributable to the income taxed in the country of its source.

In case of sale of the Notes on secondary market, the capital gains are part of Noteholders' income subject to standard income tax rate of 19 per cent., while capital losses may be tax-deductible.

*Taxation related to non-Polish residents*

Income from the Notes realised by non-Polish residents is not taxed in Poland. Even if such income is collected through a Polish paying agent, no Polish withholding tax should be due.

Non-residents who allocate the Notes to a business activity in Poland, for example, through a permanent establishment, are subject to the same rules as Polish residents.

*Stamp duties*

There is no Polish stamp duty or any other similar tax or duty payable in Poland by the Noteholders as a consequence of the issuance of the Notes.

Secondary market trades in respect of the Notes may give rise to 1 per cent. stamp duty calculated on the market value of the Notes. Generally, the taxation may apply to the sale of Notes by Polish Noteholders or the purchase of Notes by Polish residents if - in the latter case - the sale agreement is concluded in Poland. However, the sale of securities (including the Notes) to brokerage houses and banks that carry out brokerage activity as well as the sale of securities through brokerage houses or banks carrying out brokerage activity is exempt from stamp duty.

Moreover, the sale of securities made by a financial institution, i.e. an entity rendering financial services, may be exempt from stamp duty.

## **Taxation in Switzerland**

*The following is a general description of certain Swiss tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Switzerland or elsewhere. Prospective purchasers of the Notes should consult their tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Switzerland. This summary is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

### *Swiss Federal Stamp Tax*

Under the Federal Swiss Stamp Tax Act of 27 June 1973 (“**STA**”), the issuance of bonds or obligations by a Swiss resident issuer is subject to an issuance stamp tax.

However, the issue and redemption of the Notes is not subject to the Swiss federal issuance stamp tax, provided that the issuer of the Notes is at all times domiciled and effectively managed outside of Switzerland and provided that the proceeds from the offering and sale of the Notes are used outside of Switzerland.

In addition, the issuance and the redemption of the Notes are not subject to the Swiss federal transfer stamp tax on the transfer of securities even if a Swiss bank or a Swiss securities dealer (as defined under Article 13 STA) acts as an intermediary or is a party to the transaction.

Furthermore, the dealing in Notes is subject to the Swiss Federal Stamp Tax Act on the transfer of securities if a Swiss bank or a Swiss securities dealer (as defined in the STA) is involved as an intermediary or as a counterparty in such a transaction and either the seller or the buyer is a resident of Switzerland or Liechtenstein.

The transfer stamp tax on the transfer of foreign securities is levied at the rate of 0.3 per cent..

If a Swiss bank or a Swiss securities dealer (as defined in the STA) acts as a counterparty (buyer or seller) in the transaction, it shall pay 50 per cent. of the stamp tax for itself (unless the acquisition is made for a *nostro* account<sup>2</sup>) and for the other contracting party which is a Swiss or a Liechtenstein resident. If a Swiss bank or a Swiss securities dealer (as defined in the STA) acts as an intermediary, 50 per cent. of the issuance stamp tax shall be levied for each counterparty which is a Swiss or a Liechtenstein resident (unless such a party qualifies as a Swiss bank or a securities dealer). Only 50 per cent. of the transfer stamp tax is due if a Swiss bank or a Swiss securities dealer (as defined in the STA) acts as an intermediary for a Swiss resident (unless such a party qualifies as a Swiss bank or a securities dealer) and a foreign resident. No transfer stamp tax is due if a Swiss bank or a Swiss securities dealer (as defined in the STA) acts as intermediary for two foreign parties.

### *Swiss Withholding Tax*

The payment of interest on the Notes will not be subject to Swiss withholding tax (the statutory rate of which is 35 per cent.), provided the Issuer or the Guarantor is at all times domiciled and effectively managed outside of Switzerland and uses the proceeds from the offering and sale of the Notes outside of Switzerland.

### *European Union Directive on the Taxation of Savings*

Under the European Council Directive 2003/48/EC on the taxation of savings income, Member States of the European Union are required to provide the tax authorities of another Member State with details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. A few Member States are, instead of this obligation to provide information on the relevant person, authorised to operate a withholding tax system in relation to such payments.

On 26 October 2004, the European Community and Switzerland concluded an agreement on the taxation of savings income by way of a specific withholding tax system or a voluntary declaration in the case of transactions between parties in the European Union Member States and Switzerland. Accordingly, Switzerland introduced a specific withholding tax on interest payments (including accrued interest on the sale of notes) or other similar income paid by a Swiss paying agent to an individual residing in the European Union effective as from 1 July 2005. The withholding rate amounts to 15 per cent. for the first three years, 20 per cent. for the subsequent three years and 35 per cent. thereafter. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding tax if certain conditions are met.

---

<sup>2</sup> Swiss banks, as well as remote members of a Swiss Stock Exchange can create *nostro* accounts without justification, whereas other securities dealers engaged in the trading of securities for the account of third parties shall justify the creation of *nostro* accounts to the tax authorities.

According to Guidelines issued by the Federal Tax Administration on 24 June 2005 relating to the European Union taxation of savings, Swiss banks, securities dealers (as defined in the SESTA), as well as other companies or individuals, who on a professional basis, occasionally or regularly, accept to invest in interest producing investments for third parties and who transfer interest qualify as "paying agents" (from the perspective of the withholding of tax). Swiss paying agents have the duty to identify the beneficial owners of the interest and to register with the Federal Tax Administration.

## **EU Savings Directive**

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income (the "**EU Savings Directive**"). The EU Savings Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the Law of 21 June 2005.

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent within the meaning of the EU Savings Directive to an individual resident or certain types of entities called "residual entities" established in that other Member State (or certain dependent and associated territories).

For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner does not comply with one of two procedures for information reporting, the Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of withholding will be 15 per cent. from 1 July 2005 to 30 June 2008, 20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. as of 1 July 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. See "European Union Directive on the Taxation of Savings Income in the Form of Interest Payments (Council Directive 2003/48/EC)".

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino), have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or a residual entity established in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual residual or an entity established in one of those territories.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in an Amended and Restated Distribution Agreement dated 29 September 2006 (the "*Distribution Agreement*") between the Issuers, the Guarantor and the Dealers named therein the Notes will be offered on a continuing basis by the Issuer through the Dealers. The Issuers will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes as a whole or, subject to the terms of the offer, in part. The Dealers shall have the right, in their discretion reasonably exercised, without notice to the Issuer, to reject any proposed purchase of the Notes made to them as a whole or, subject to the terms of the offer, in part. Unless otherwise agreed, the Issuers will pay a Dealer a commission of from 0.075 per cent. to 0.625 per cent. of the principal amount of the Notes, depending upon maturity, in respect of the Notes solicited for purchase by it. The Issuers, failing whom the Guarantor (in the case of Notes issued by Fortis Luxembourg), has agreed to reimburse the Dealers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers' activity in connection therewith, as provided in the Distribution Agreement.

The Issuers may also sell Notes to the Dealers as principals, for their own accounts at a price to be agreed upon at the time of sale. Such Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Distribution Agreement also provides for Notes to be issued in Tranches which may be jointly and severally underwritten by two or more Dealers.

The Issuers, failing whom the Guarantor (in the case of Notes issued by Fortis Luxembourg), has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement may be terminated in relation to all the Dealers or any of them by the Issuers and the Guarantor or, in relation to itself and the relevant Issuer only, by any Dealer in any such case, and for any reason and at any time upon the giving of not less than 10 business days' written notice of such termination to the other parties hereto.

## SELLING RESTRICTIONS

The following is only a description as at the date of this Base Prospectus of certain restrictions that may vary from time to time. Prospective investors and purchasers of Notes must inform themselves about all the relevant, applicable and up-to-date restrictions prior to investing in the Notes. Moreover the selling restrictions that are applicable to a Tranche of Notes may be modified in the relevant Final Terms if agreed by the relevant Issuer, the Guarantor (if applicable) and the relevant Dealer(s). Each Dealer has undertaken that it will, to the best of its knowledge, comply with all applicable securities laws, regulations and directives in each country or jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus or any other such offering material, in all cases at its own expense, and has agreed that it will only do so if it has been approved by the relevant Issuer and, if applicable, the Guarantor.

## IN THE EUROPEAN ECONOMIC AREA

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive, the Luxembourg Law dated 10 July 2005 on prospectuses for securities, and any other relevant implementing legislation in Luxembourg for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date of publication of this Base Prospectus. Consequently Notes issued under the Programme may be offered to the public, in accordance with the requirements of the Prospectus Directive.

The Issuers have requested the CSSF to provide to the relevant competent authority of the Netherlands, Belgium, France, Poland and Spain respectively with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. The Issuers reserve the right to request the CSSF to provide the competent authority of any other host Member State, in the meaning of the Prospectus Directive, with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive, such notification being accompanied by the relevant translation of the summary of this Base Prospectus, if applicable.

### Belgium

Belgium has implemented the Prospectus Directive and the section headed "*European Economic Area*" below is applicable.

With regard to Notes having a maturity of less than 12 months (and which therefore fall outside the scope of the Prospectus Directive), this Base Prospectus has not been, and it is not expected that it will be, submitted for approval to the Belgian Banking, Finance and Insurance Commission. Accordingly, each Dealer represented and agreed that it shall refrain from taking any action that would be characterised as a public offering of these Notes in Belgium in accordance with the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets, as amended or replaced from time to time.

## France

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that, unless the approval of this Base Prospectus by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") has been notified to the French *Autorité des marchés financiers* (the "**AMF**") in accordance with Article 18 of the Prospectus Directive, as implemented in France, and all the other procedures and formalities required by French laws and regulations to permit the offering and sale of Notes to the public in France have been carried out, it has not offered or sold, and will not offer or sell, directly or indirectly, Notes to the public in France and that offers and sales of Notes in France will be made only to providers of investment services relating to portfolio management for the account of third parties and/or to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in Articles L.411-2 and D.411-1 of the French *Code monétaire et financier*.

In addition, each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Base Prospectus or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in France may be made as described above.

## Republic of Hungary

The Base Prospectus has not been and will not be submitted to the Hungarian Financial Supervisory Authority for approval and any Notes will not be offered in the Republic of Hungary in a public offer or private placement as defined in the Act No. CXX of 2001 on the Capital Markets. Each Dealer has confirmed its awareness of the above and has represented that it has not offered or sold and undertakes that it will not offer or sell any Notes in the Republic of Hungary in a public offer or private placement and will not offer any Notes for sale to the general public in the Republic of Hungary.

## Spain

Each has Dealer represented and agreed that it has only made and will only make an offer of the Notes to the public (*oferta pública*) in Spain in the period beginning on the date of notification of the approval of this Base Prospectus in relation to the Notes by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in Luxembourg to the *Comisión Nacional del Mercado de Valores* (the "**CNMV**") in Spain, in accordance with the Spanish Securities Market Act (*Ley 24/1988 de 28 de julio, del Mercado de Valores*), as amended, Royal Decree 1310/2005, of 4 November 2005, developing partially the Spanish Securities Market Law as regards admission to listing on official secondary markets, public offers and the prospectus required thereto and the regulations made thereunder, and ending at the latest on the date which is 12 months after the date of the approval of this Base Prospectus.

## The Kingdom of Norway

No offering material relating to the Notes has been or will be approved by the Oslo Stock Exchange. Accordingly, each Dealer has represented and agreed that it has not offered or sold and will not offer or sell any Notes directly or indirectly in the Kingdom of Norway or to residents of the Kingdom of Norway and that it has not distributed and will not distribute any offering material relating to the Notes in or from the Kingdom of Norway.

## The Netherlands

(I) Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) in respect of any Non-PD Notes (including rights representing an interest in a global form) issued by Fortis Luxembourg Finance S.A. that it has not offered and that it will not offer, as part of their initial distribution or by way of re-offering, any Non-PD Notes in The Netherlands and that such an offer may not be announced (whether electronically or otherwise), unless the Non-PD Notes have a denomination of at least EUR 50,000 (or its equivalent in any other currency) per Note, provided that if any such Non-PD Notes are issued:

- (i) at a discount, they may only be offered if their issue price is no less than EUR 50,000 (or its equivalent in any other currency);
- (ii) on a partly-paid basis, they may only be offered if paid-up by their initial holders to at least such amount;
- (iii) with a denomination of precisely EUR 50,000 (or its equivalent in any other currency), they may only be offered on a fully-paid basis and at par or at a premium.

For the purpose of this provision (I) "Non-PD Notes" means any Notes which have a maturity of less than 12 months and are money market instruments as referred to in art. 1a(d) of the Decree on the Dutch Securities Markets Supervision Act 1995 (Besluit toezicht effectenverkeer 1995, as amended or re-enacted from time to time).

(II) In addition and without prejudice to the relevant restriction set out under (I) above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of



Euronext Amsterdam N.V. the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranches are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein “Zero Coupon Notes” are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### The United Kingdom

Each of the Dealers has represented and agreed that (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer, (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom and (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the relevant Issuer or the Guarantor.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (d) in Poland at any time to any other person who fall within the definition of “qualified investor” as that term is defined in Article 8 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies; or
- (e) at any time in any other circumstances which do not require the publication by the Issuers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## OUTSIDE THE EUROPEAN ECONOMIC AREA

### Australia

No prospectus or other disclosure document in relation to the Programme or any Notes has been lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") or the Australian Stock Exchange Limited. Each Dealer has represented and agreed that:

- (a) it has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Notes within, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) it has not distributed or published, and will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to any Notes in Australia,

unless (i) the minimum aggregate consideration payable by each offeree is at least AUD 500,000 (disregarding moneys lent by the offerer or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act 2001 of Australia, and (ii) such action complies with all applicable laws and regulations and directives and does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed that, in connection with the primary distribution of any Notes, it will not sell Notes to any person, if, at the time of such sale, the employees of the Dealer are aware of, or involved in, the sale or knew or had reasonable grounds to suspect that, as a result of such sale, any Notes or an interest in any Notes were being, or would later be, acquired (directly or indirectly) by the relevant Issuer for the purposes of section 128F(5) of the Income Tax Assessment Act 1936 of Australia.

### Netherlands Antilles

Each Dealer has represented and agreed that any Notes (including rights representing an interest in a Note in global form) that are offered, as part of their initial distribution or by way of re-offering, in the Netherlands Antilles, shall, in order to comply with the Netherlands Antilles National Ordinance on the supervision of banking and credit institutions 1994 (*Landsverordening toezicht bank- en kredietwezen 1994*, the "**NOSBC**"), only be offered, sold, transferred or delivered in the Netherlands Antilles to credit institutions licensed in accordance with the NOSBC or with the benefit of an individual exemption granted by the Central Bank of the Netherlands Antilles (*Bank van de Nederlandse Antillen*).

### Hong Kong

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

### Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**") and each Dealer has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in, compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### New Zealand

Each Dealer has represented and agreed that it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Note, and it will not distribute any offering memorandum or advertisement in relation to any offer of Notes, in New Zealand, unless the minimum subscription price payable for Notes is at least NZ\$ 500,000 (disregarding any amount lent by the offeror, the relevant Issuer or any associated person of the offeror or relevant Issuer) and the minimum holding of Notes is at least NZ\$ 500,000, or that offer, sale or delivery is in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

Each Dealer has represented and agreed that, in relation to any Note issues by an Issuer, it has not offered or sold, and will not offer or sell, any Notes to persons whom it believes to be persons to whom any amounts payable on the Notes are or would be subject to New Zealand resident withholding tax, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes and provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the relevant Issuer or to a Paying Agent).

### **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Dealer has further represented, warranted and agreed to notify and hereby notifies each of the following relevant persons specified in Section 275 of the SFA which subscribes or purchases Notes from or through that Dealer, namely a person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

### **Switzerland**

Only securities dealers registered under the Securities Trading Act of 24 March 1995 ("**SESTA**") are entitled to offer securities to the public in Switzerland.

The relevant selling restrictions applicable in Switzerland will be included in the relevant Final Terms or in a Swiss supplement to the Base Prospectus.

### **Turkey**

Each Dealer has acknowledged that pursuant to Article 15 of Decree No. 32 containing the Foreign Exchange Rules of Turkey, the purchase and sale of any Notes issued in a foreign jurisdiction to persons resident in Turkey are permitted and are not subject to restrictions, except that the transfers relating to the purchase or sale of such Notes should be made through authorised banks or intermediary institutions authorised to carry out securities transactions according to the Capital Market Legislation of Turkey. Each Dealer has represented, warranted and agreed that it is not permitted to distribute any disclosure documents relating to the issue of any Notes in Turkey without observing the provisions of the Communiqué III, No. 20 of the Capital Market Board regarding the Sale of Foreign Capital Market Instruments in Turkey

### **United States of America**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "*Securities Act*") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each of the Dealers has agreed that it will not offer, sell or deliver a Note in bearer form within the United States or to U.S. persons except as permitted by the Distribution Agreement.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, or the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes from that offering within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## GENERAL

Except for those countries or jurisdictions where a public offering of the Notes, or possession or distribution of any offering material in relation thereto, is permitted on the basis of (i) the approval by the CSSF of this Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg and (ii) the certificates of approval as provided by the CSSF to the competent authorities in such relevant countries or jurisdictions, no action has been or will be taken in any country or jurisdiction by the Issuers, the Guarantor or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuers, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be modified by the agreement of the relevant Issuer, the Guarantor (in the case of Notes issued by Fortis Luxembourg) and the Dealers following a change in, or in the interpretation or application of, a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Each of the Dealers, the relevant Issuer and (in the case of Notes issued by Fortis Luxembourg) the Guarantor has agreed not to take any action in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each of the Dealers has agreed to comply, to the best of its knowledge and belief, with all relevant securities laws, regulations and directives in each country or jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus or any other offering material, in all cases at its own expense.

## FORMS OF FINAL TERMS

### FORM OF FINAL TERMS 1

#### FORM OF FINAL TERMS TO BE USED FOR ISSUANCES OF NOTES WITH A DENOMINATION OF LESS THAN €50,000 TO BE LISTED AND ADMITTED TO TRADING ON A REGULATED MARKET AND/OR OFFERED TO THE PUBLIC IN ONE OR MORE COUNTRIES OF THE EUROPEAN ECONOMIC AREA

Final Terms dated [•]

**[Fortis Bank nv-sa**

*(incorporated as a public company with limited liability (naamloze vennootschap/société anonyme) under the laws of Belgium, having its registered office in Montagne du Parc 3, B-1000 Brussels, and registered with the register of legal entities of Brussels under enterprise No. 0403.199.702]*

**[Fortis Luxembourg Finance S.A.**

*(incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg, having its registered office at 65, boulevard Grande-Duchess Charlotte, L-1331 Luxembourg and registered with the Luxembourg Registry of Commerce and Companies under No. B 24.784)*

**Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]**

**[Guaranteed by FORTIS BANK nv-sa]**

**under the EUR 15,000,000,000**

**Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 September 2006 [and the supplement to the Base Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented] (together, the “**Base Prospectus**”).

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at the [website of the Luxembourg Stock Exchange] and copies may be obtained from Fortis Luxembourg Finance S.A. at 65, boulevard Grande-Duchess Charlotte, L-1331 Luxembourg and Fortis Bank nv-sa at Montagne du Parc 3, B-1000 Brussels, the Fiscal Agent, Fortis Banque Luxembourg S.A. at 50 Avenue J.F. Kennedy, L-2951 Luxembourg and the Paying and Transfer Agents, Fortis Bank (Nederland) N.V. at Rokin 55, 1012 KK Amsterdam, The Netherlands, Fortis Banque (Suisse) S.A. at 20, boulevard des Philosophes CH-1211 Geneva and Citibank, N.A. at 5 Carmelite Street, London EC4Y 0PA.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [ ]]. This document contains the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]] (together, the “**Base Prospectus**”) which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [•]] and are attached hereto.

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at the [website of the Luxembourg Stock Exchange] and copies may be obtained from Fortis Luxembourg Finance S.A. at 65, boulevard Grande-Duchess Charlotte, L-1331 Luxembourg and Fortis Bank nv-sa at Montagne du Parc 3, B-1000 Brussels, the Fiscal Agent, Fortis Banque Luxembourg S.A. at 50 Avenue J.F. Kennedy, L-2951 Luxembourg and the Paying and Transfer Agents, Fortis Bank (Nederland) N.V. at Rokin 55, 1012 KK Amsterdam, The Netherlands, Fortis Banque (Suisse) S.A. at 20, boulevard des Philosophes CH-1211 Geneva and Citibank, N.A. at 5 Carmelite Street, London EC4Y 0PA.

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

\* Only include details of a supplement to the Base Prospectus in which the Conditions have been amended for the purposes of all issues under the Programme.

## [Risk Warning<sup>1</sup>

*Investment in the Notes is directed at sophisticated investors who are conversant with the considerable risks involved in credit derivatives, who are willing to assume such risks, and who can absorb a partial or complete loss of principal and interest. The Notes carry various risks including, without limitation, the insolvency risk of the Issuer and the Guarantor and the insolvency, payment default and credit risk of the Reference [Entity/Entities]. There may be little or no secondary market for the Notes.*

*If a Credit Event occurs, the principal amount of the Notes will be reduced in accordance with the provisions hereof. Accordingly, the amount payable to investors on redemption may be substantially less than the initial principal amount of the Notes, and may even be zero. Consequently, you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*Unless stated otherwise, include all the items listed in Part A – Contractual Terms of these Final Terms in connection with all Notes.*

- |    |        |  |  |        |                   |
|----|--------|--|--|--------|-------------------|
| 1. | [(i)]  | Issuer:  | Fortis Bank nv-sa/Fortis Luxembourg Finance S.A.   |        |                   |
|    | [(ii)] | Guarantor:   | Fortis Bank nv-sa]   |        |                   |
| 2. | [(i)]  | Series Number:   | [ ]  |        |                   |
|    | [(ii)] | Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).] | [ ]  |        |                   |
| 3. |        | Currency or Currencies:  | [ ]  |        |                   |
| 4. |        | Form:  | [Bearer<br>[Exchangeable<br>[Registered Notes]   | Bearer | [Notes]<br>Notes] |
| 5. |        | Principal Amount of Tranche:   |  |        |                   |
|    | [(i)]  | Series:  | [ ]  |        |                   |
|    | [(ii)] | Tranche:   | [ ]  |        |                   |
| 6. |        | Issue Price:   | [ ] per cent. of the Principal Amount of Tranche [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]   |        |                   |
| 7. |        | Specified Denominations:   | [ ]  |        |                   |
|    |        |  | <i>[Notes issued under the Programme which are to be admitted to trading on a regulated market situated or operating within a Member State or which are to be offered to the public in one or more Member States (where the terms “regulated market” and “offer to the public” are within the meaning of any measures implementing the Prospectus Directive in any relevant Member State) may not have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency)]</i> |        |                   |
| 8. | [(i)]  | Issue Date:  | [ ]  |        |                   |
|    | [(ii)] | Interest Commencement Date:  | [ ]  |        |                   |

<sup>1</sup> to be inserted in the case of an issuance of Credit-linked Notes or Cash-Settled Credit Linked Notes.

9. Maturity Date: [ ], [subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Relevant Business Day(s) [is/are] [specify cities]]/[The Interest Payment Date falling in or nearest to [specify month and year]]
- [The Notes are Junior Subordinated Notes and accordingly have no Maturity Date]
- [If the Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.]
10. Interest Basis: [[ ] per cent. Fixed Rate] [specify reference rate] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Variable Coupon Amount] [Index Linked Interest] [Equity Linked Interest] [Non Interest Bearing] [specify other] (further particulars specified below)
11. Redemption Amount: [Principal Amount] [Index Linked Redemption] [Equity Linked Redemption] [Variable Linked Redemption] [specify other] (further particulars specified below)
12. Change of Interest or Redemption Amount: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
13. Terms of redemption at the option of the [ ] Issuer/Noteholders or other [(further particulars specified below)] Issuer’s/Noteholders’ option:
14. [(i)] Status of the Notes: [Senior/Senior Subordinated/Junior Subordinated<sup>2</sup>]
- [(ii)] Status of the Guarantee: [Senior/Senior Subordinated/Junior Subordinated/Not applicable]<sup>3</sup>

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Interest Rate[s]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of “Business Day”]/not adjusted]
- (iii) Interest Period Dates: [ ]

<sup>2</sup> In the case of Junior Subordinated Notes, include an option by the Issuer to redeem the Notes no later than 10 years after the Issue Date, and subsequently, at least once every 10 years

<sup>3</sup> Add the following language if Board (or similar) authorisation is required for the particular tranche of notes or related guarantee (delete accordingly where the Issuer is Fortis Bank nv-sa:) Date of [Fortis Luxembourg Finance S.A.’s Board and Guarantor’s/Fortis Bank nv-sa’s] Management Committee approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ]], respectively]



- (iv) Fixed Coupon Amount{(s)}: [ ] per [ ] in Principal Amount *[Do not specify a Fixed Coupon Amount for Cash-Settled Credit Linked Notes]*
- (v) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount{(s)}]*
- (vi) Day Count Fraction: [30/360/Actual/Actual (ICMA)/other]
- (vii) Other terms relating to the method of calculating interest for Fixed Interest Rate Notes: [Not Applicable/give *details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Date(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (iii) Additional Business Centre(s): [ ]
- [Note that this item relates to the definition of "Relevant Business Day" (Condition 5(j)). Relevant Business Day is used in the definitions of the different Business Day Conventions (Condition 5(b)).]*
- (iv) Reference Banks: *[specify four]*
- (v) Spread (if applicable): [ ] per cent. per annum
- (vi) Spread Multiplier (if applicable) [ ]
- (vii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the [Fiscal Agent/Domiciliary Agent]): [ ]
- (viii) relevant Time (if applicable) [ ]
- (ix) Screen Rate Determination:
- Benchmark: [EURO BBA LIBOR, EURIBOR or other benchmark]
  - Interest Determination Date(s): [[ ] Business Days in *[specify city]* prior to] [the first day in each Interest Period/each Interest Payment Date]
  - Relevant Screen Page: [ ]
  - Relevant Financial Centre: [ ]
- [For example, London/Euro-zone (where Euro-zone means the region comprised of countries whose lawful currency is the euro)]*
- (x) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (xi) Minimum Interest Rate: [ ] per cent. per annum
- (xii) Maximum Interest Rate: [ ] per cent. per annum
- (xiii) Day Count Fraction: [ ]

- (xiv) Fall back provisions, rounding [ ] provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield (Zero [ ] per cent. per annum Coupon/High Interest/Low Interest Note):
- (ii) Reference Price (Zero Coupon/High [ ] Interest/Low Interest Note):
- (iii) Any other formula/basis of [ ] determining amount payable:

18. **Index-Linked Interest Note/Equity Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining coupon [ where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s) [ ]
- (v) Provisions for determining Coupon [ where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [Need to include a description of market disruption or settlement disruption events and adjustment provision]
- (vi) Interest Period Dates/Interest [ ] Payment Dates:
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (viii) Additional Business Centre(s): [ ]
- [Note that this item relates to the definition of "Relevant Business Day" (Condition 5(j)). Relevant Business Day is used in the definitions of the different Business Day Conventions (Condition 5(b)).]*
- (ix) Minimum Interest Rate: [ ] per cent. per annum
- (x) Maximum Interest Rate: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Description of any market disruption [ or settlement disruption events that affect the underlying:

**PROVISIONS RELATING TO REDEMPTION**

19. **Redemption at the option of the Issuer or other Issuer's option** [Applicable/Not Applicable]

*[In the case of Junior Subordinated Notes, include an*

option by the Issuer to redeem the Notes no later than 10 years after the Issue Date, and subsequently, at least once every 10 years.]

[If not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) Issuer's Option Period: [ ]

[Please consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and Agents.]

(ii) Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] Specified Denomination.

[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]

(iii) If redeemable in part:

(a) minimum redemption amount: [ ]

(b) maximum redemption amount: [ ]

20. **Redemption at the option of the Noteholder or other Noteholder's option** [Applicable/Not Applicable]

[If not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) Noteholder's Option Period: [ ]

[Please consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and Agents.]

(ii) Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] Specified Denomination

21. **Final Redemption Amount of each Note** [[ ] per Note of [ ] Specified Denomination/other/see Appendix]

[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]

In cases where the Final Redemption Amount is linked to an index, shares or other variable-linked:

(i) Index/formula/variable:

(ii) Calculation Agent responsible for calculating the Final Redemption Amount [give or annex details]

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]

[(iv) Determination Date(s): [ ]]

(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or

otherwise disrupted:

- (vi) Payment Date: [ ]
- (vii) Minimum Final Redemption Amount: [ ]
- (viii) Maximum Final Redemption Amount: [ ]

**22. Early Redemption Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ] *[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]*

23. Instalment Date(s) (if applicable): [ ]
24. Instalment Amount(s) (if applicable): [ ]
25. Unmatured Coupons to become void upon early redemption: [ ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**26. Form of Notes:**

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.] [Permanent Global Note exchangeable for Definitive Notes on [at least 60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. *[Insert this option for Notes issued by Fortis Bank nv-sa and cleared through the X/N System.]*

[Registered Notes]

**27. New Global Note:**

[Applicable/Not Applicable]

*[If "Not Applicable" is specified, ensure that "Not Applicable" is also specified for Eurosystem eligibility in the relevant paragraph of section 10 of Part B of these Final Terms, and if "Applicable" is specified, ensure that the appropriate specification is made thereto in respect of Eurosystem eligibility.]*

**28. Business Day Jurisdictions for Condition 7(g) and any special provisions relating to payment dates:**

[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate]

**29. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon:**

[No/Yes, maturing every [ ] Interest Payment Dates]

**30. Details relating to Redemption by Instalments: amount of each instalment, date on which each payment is to be made:**

[Not Applicable/give details]

**31. Consolidation provisions:**

[Not Applicable/The provisions annexed to these Final Terms] apply]

**32. Exchange for Definitive Notes at the request of the holder at the expense of:**

[the Issuer/Holder]

## INDEX LINKED NOTES PROVISIONS

33. **Index Linked Provisions** [Applicable/Not Applicable]
- [If "Not Applicable" delete remaining sections of this paragraph]*
- [The following provisions in items (i) to (xv) apply to Notes linked to a single index only (delete all of these items if not applicable):]*
- (i) Averaging Dates: [specify dates or delete if not applicable]
  - (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
  - (iii) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]
  - (iv) Exchange(s): [specify relevant exchange if "Non-Multi Exchange Index" is specified below, otherwise delete]
  - (v) Expiration Date: [specify date or delete if not applicable]
  - (vi) Index: [specify]
  - (vii) Index Sponsor: [specify or delete if fallback provisions in Part 2A to apply]
  - (viii) Initial Index Level: [specify the Index Level on the Strike Date or delete if not applicable]
  - (ix) Multi-Exchange Index: [Yes/No]
  - (x) Non Multi-Exchange Index: [Yes/No]
  - (xi) Observation Date(s): [specify or delete if not applicable]
  - (xii) Observation Period: [The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]
  - (xiii) Strike Date: [specify or delete if not applicable]
  - (xiv) Strike Price: [specify or delete if not applicable]
  - (xv) Other: [insert any other relevant terms]
- [The following provisions in items (i) to (xiii) apply to Notes linked to a basket of indices only (delete all of these items if not applicable):]*
- (i) Averaging Dates: [specify dates or delete if not applicable]
  - (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
  - (iii) Basket: [specify names of Indices and their respective weightings]  
  
[indicate which are Multi-Exchange Indices and which are Non Multi-Exchange Indices]
  - (iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]
  - (v) Exchange(s): [specify relevant exchange if "Non-Multi Exchange

*Index" is specified below, otherwise delete]*

- (vi) Expiration Date: *[specify date or delete if not applicable]*
- (vii) Index Sponsor: *[specify or delete if fallback provisions impart 2B to apply]*
- (viii) Initial Index Level: *[specify the Index Level on the Strike Date or delete if not applicable]*
- (ix) Observation Date(s): *[specify date or delete if not applicable]*
- (x) Observation Period: *[The period from and including [the Issue Date/the Strike Date/[•]] to and including [the Expiration Date/[•]] [or delete if not applicable]*
- (xi) Strike Date: *[specify or delete if not applicable]*
- (xii) Strike Price: *[specify or delete if not applicable]*
- (xiii) Other *[insert any other relevant terms]*

#### **EQUITY LINKED NOTES PROVISIONS**

#### **34. Equity Linked Provisions**

*[Applicable/Not Applicable]*

*[If "Not Applicable" delete remaining sections of this paragraph]*

*[The following provisions in items (i) to (xx) apply to Notes linked to a single share only (delete all of these items if not applicable)]*

- (i) Averaging Dates: *[specify dates or delete if not applicable]*
- (ii) Barrier Level: *[[•] per. cent of Initial Index Level (or delete if not applicable)]*
- (iii) Business Day: *[A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [•] [and (ii) which is a TARGET Business Day]]*
- (iv) Constant Monitoring: *[specify as applicable and delete "Valuation Time Only" below, or delete if not applicable]*
- (v) Exchange: *[specify]*
- (vi) Expiration Date: *[specify date or delete if not applicable]*
- (vii) Final Share Price: *[specify if the fallback provisions in Part 3A are not applicable, or delete if not applicable]*
- (viii) Initial Share Price: *[specify if the fallback provisions in Part 3A are not applicable, or delete if not applicable]*
- (ix) Observation Date(s): *[specify date(s) or delete if not applicable]*
- (x) Observation Period: *[The period from and including [the Issue Date/the Strike Date/[•]] to and including [the Expiration Date/[•]] [or delete if not applicable]*
- (xi) Share Amount: *[specify formula or delete if not applicable]*
- (xii) Share Currency: *[specify]*
- (xiii) Share Delivery: *[specify as applicable or delete if no applicable]*

*[if applicable, specify in which circumstances share delivery may occur (e.g. at the option of the Issuer; if share price reaches certain level, etc.)]*

*[if applicable, specify if the Notes are Reverse Convertible Notes, Worst-off Reverse Convertible*

*Notes or other kind of Notes]*

- (xiv) Share Delivery Date: *[[specify date], subject to Condition 7(n)(ii) and, if such day is not a Delivery Day, the first succeeding Delivery Day] (or delete if not applicable)*
- (xv) Share Issuer: *[specify]*
- (xvi) Shares: *[provide name and short description of type of shares issued by the Share Issuer]*  
*(ISIN: [●])*
- (xvii) Strike Date: *[specify or delete if not applicable]*
- (xviii) Strike Price: *[specify or delete if not applicable]*
- (xix) Valuation Time Only: *[specify as applicable and delete "Constant Monitoring" above, or delete if not applicable]*
- (xx) Other: *[Insert any other relevant terms]*

*[The following provisions at items (i) to (xx) apply to Notes linked to a Basket of Shares only (delete all of these items if not applicable):]*

- (i) Averaging Dates: *[specify dates or delete if not applicable]*
- (ii) Barrier Level: *[[●] per. cent of Initial Index Level (or delete if not applicable)]*
- (iii) Basket: **"Basket"** means a basket composed of Shares in the relative [proportions/numbers of Shares] of each Share Issuer specified below:  
*[Insert details of:*  
*\* Share Issuer*  
*\* [Proportion/number of Shares]*  
*\* ISIN number*  
*\* Exchange]*
- (iv) Business Day: *[A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]*
- (v) Constant Monitoring: *[specify as applicable and delete "Valuation Time Only" below or delete if not applicable]*
- (vi) Expiration Date: *[specify date or delete if not applicable]*
- (vii) Final Share Price: *[specify if the fallback provisions in Part 3B are not applicable, or delete if not applicable]*
- (viii) Initial Share Price: *[specify if the fallback provisions in Part 3B are not applicable, or delete if not applicable]*
- (ix) Observation Date(s): *[specify date(s) or delete if not applicable]*
- (x) Observation Period: *[The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]*
- (xi) Share Amount: *[specify formula or delete if not applicable]*
- (xii) Share Currency: *[specify]*
- (xiii) Share Delivery: *[specify as applicable or delete if no applicable]*  
*[if applicable, specify in which circumstances share*

delivery may occur (e.g. at the option of the Issuer; if share price reaches certain level, etc.))

[if applicable, specify if the Notes are Reverse Convertible Notes, Worst-off Reverse Convertible Notes or other kind of Notes]

- (xiv) Share Delivery Date: [[specify date], subject to Condition 7(n)(ii) and, if such day is not a Delivery Day, the first succeeding Delivery Day] (or delete if not applicable)]
- (xv) Share Issuer: [specify]
- (xvi) Shares: [provide name and a short description of type of shares issued by the Share Issuer]  
(ISIN: [●])
- (xvii) Strike Date: [specify or delete if not applicable]
- (xviii) Strike Price: [specify or delete if not applicable]
- (xix) Valuation Time Only: [specify as applicable and delete "Constant Monitoring" above or delete if not applicable]
- (xx) Other terms: [insert any other relevant terms]

#### CREDIT LINKED NOTE PROVISIONS

35. **Credit Linked Note Provisions:** [Not Applicable/Applicable]  
*[If "Not Applicable" delete remaining sections of this paragraph]*
- (i) First-to-Default Credit Linked Notes with Physical Settlement [Part 4A shall apply / Not Applicable]  
*[specify all the relevant data of the CDS Confirmation and review and amend Part 4A as applicable]*
- (ii) First-to-Default Credit Linked Notes with Cash Settlement [Part 4B shall apply / Not Applicable]  
*[specify all the relevant data of the CDS Confirmation and review and amend Part 4B as applicable]*
- (iii) Credit Linked Notes with a static portfolio of reference entities as underlying [Part 4C shall apply / Not Applicable]  
*[specify all the relevant data of the CDS Confirmation including the Reference Portfolio and review and amend Part 4C as applicable]*
36. Other terms or special conditions: *Include a condition to permit the early redemption in whole or in part of the Notes upon the designation of an Event Determination Date (as defined in Part 4A, 4B or 4C as applicable). Consider (i) suspension of maturity date for potential or unsettled credit events; (ii) timing of the cessation of interest and (iii) procedures for physical delivery to Noteholders where applicable.*  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

#### DISTRIBUTION

37. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and addresses and underwriting commitments]  
*[include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best*



efforts" basis if such entities are not the same as the Managers]

- (ii) Stabilising Manager (if any): [Not Applicable/give name]
- (iii) Date of Subscription Agreement: [ ]
- (iv) Total commission and concession: [ ] per cent. of the Principal Amount of Tranche
38. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
39. [Applicable Netherlands selling restrictions for Notes issued by Fortis Luxembourg Finance S.A. which have a maturity of less than 12 months and are money market instruments as referred to in art. 1a(d) of the Decree on the Dutch Securities Markets Supervision Act 1995 (*Besluit toezicht effectenverkeer 1995*):]
- [High denomination Notes: selling restriction I(i) applies]
- [Professional Investors only: selling restriction I(ii) applies]
- [Units of EUR 50,000: selling restriction I(iii) applies]
- [Less than 100 individual or legal persons; selling restriction I(iv) applies]
- [Otherwise offered in accordance with the Dutch Securities Markets Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*)]
- [In addition to the above, i/If Zero Coupon Notes are issued: selling restriction II applies (**Note: this selling restriction may also apply to Fortis Bank nv-sa**)]
40. Additional selling restrictions: [Not Applicable/give details]

## ADMISSION TO TRADING

These Final Terms comprise the final terms required to list and have admitted to trading the Notes described herein pursuant to the EUR 15,000,000,000 Euro Medium Term Note Programme of Fortis Bank nv-sa and Fortis Luxembourg Finance S.A. guaranteed by Fortis Bank nv-sa.

## RESPONSIBILITY

The Issuer [and the Guarantor]<sup>†</sup> accept responsibility for the information contained in these Final Terms.

[[ ] has been extracted from [ ]. [Each of the/The]<sup>\*</sup> Issuer [and the Guarantor]<sup>\*</sup> confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.]<sup>\*\*</sup>

Signed on behalf of the Issuer:

By:

*Duly authorised*

[Signed on behalf of the Guarantor:

By:

*Duly authorised*]<sup>†</sup>

<sup>†</sup> Delete where the Issuer is Fortis Bank nv-sa.

<sup>\*</sup> Delete in each case as applicable.

<sup>\*\*</sup> Include where any information sourced from a third party has been reproduced, and provide necessary details.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to [listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange for the purposes of the Prospectus Directive/trading on [ ]] with effect from [ ].]/[Not Applicable.]
- [Where documenting a fungible issue need to indicate that original securities are already admitted to trading.]
- (iii) The aggregate principal amount of Notes [ ] issued has been translated in Euro at the rate of [ ] (for Notes not denominated in Euro)

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [ ]]
- [Moody's: [ ]]
- [[Other]: [ ]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

### 3. [NOTIFICATION]

The Luxembourg *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as disclosed in "Plan of Distribution", so far as the Issuer [and the Guarantor] [is/are] aware, no person involved in the offer of the Notes has an interest material to the offer"

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer [ ]
- [See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.]
- (ii) Estimated net proceeds: [ ].
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- (iii) Estimated total expenses: [ ].

[Include breakdown of expenses.]

[If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies or are wholesale Notes, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.]

6. [Fixed Rate Notes only – YIELD

**Indication of yield:**

[ ].

Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [Floating Rate Notes only – HISTORIC INTEREST RATES]

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

8. [Index-linked or other variable-linked Notes only – **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS] AND OTHER INFORMATION CONCERNING THE UNDERLYING (TO BE INCLUDED FOR DERIVATIVE SECURITIES TO WHICH ANNEX XII TO THE PROSPECTIVE DIRECTIVE REGULATIONS APPLIES)**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

[Name of index/share] [specify]

[Description of index (if composed by Issuer)/share:] [specify]

[Information on index (if not composed by Issuer)/share:] [specify]

The underlying is a security/share: [name of the issuer of the security/share]

[ISIN Code or other identification code]

The underlying is a basket of underlyings: [disclosure of relevant weightings of each underlying in the basket]

9. [Dual Currency Notes only – **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**10. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times

during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[Include this text if "Yes" selected in which case the Notes must be issued in NGN form]*

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): X/N System/Not Applicable/*give name(s) and number(s)*

Delivery: Delivery against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):  [ ]

Calculation Agent: Fortis Banque Luxembourg S.A./Fortis Bank nv-sa/the Dealer/any other third party]

Conditions to which the offer is subject: The Issuer reserves the right to withdraw the present offer, if the minimum amount is not placed or if there are market or other disruptions not enabling a smooth settlement of the Notes, as determined by the Issuer in its sole discretion/Not Applicable/*[other]*

Total amount of the offer:  [ ]

*(If the amount is not fixed, provide a description of the arrangements and time for announcements to the public the amount of the offer)*

An offer to the public: An offer to the public will be made in *[specify]* from (and including) *[date]* to (and including) *[date]*/Not Applicable.

*[other details]*

*(If applicable, provide description of the application process)*

Minimum and/or maximum amount of application:  [ ]/Not Applicable]

Method and time limits for paying for the securities and for the delivery of the securities:  [ ]/Not Applicable]

Manner and date in which results of the offer are to be made public:  [ ]/Not Applicable]

Categories of potential investors to which the securities are offered:  [ ]/Not Applicable]

Process for notification to applicants of amount allotted:  [ ]/Not Applicable]

Expected price and method of determination:  [ ]/Not Applicable]

Expenses and taxes charged to the subscriber/purchaser:  [ ]/Not Applicable]

## FORM OF FINAL TERMS 2

### FORM OF FINAL TERMS TO BE USED FOR ISSUANCES OF NOTES WITH A DENOMINATION OF AT LEAST €50,000 TO BE LISTED AND ADMITTED TO TRADING ON AN EU REGULATED MARKET

Final Terms dated [•]

#### [Fortis Bank nv-sa

*(incorporated as a public company with limited liability (naamloze vennootschap/société anonyme) under the laws of Belgium, having its registered office in Montagne du Parc 3, B-1000 Brussels, and registered with the register of legal entities of Brussels under enterprise No. 0403.199.702]*

#### [Fortis Luxembourg Finance S.A.

*(incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg, having its registered office at 65, boulevard Grande-Duchess Charlotte, L-1331 Luxembourg and registered with the Luxembourg Registry of Commerce and Companies under No. B 24.784)*

#### Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

[Guaranteed by FORTIS BANK nv-sa]

under the EUR 15,000,000,000

Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 September 2006. These Final Terms of the Notes and must be read in conjunction with such Base Prospectus.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date]. These Final Terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•] save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

#### [Risk Warning<sup>1</sup>

*Investment in the Notes is directed at sophisticated investors who are conversant with the considerable risks involved in credit derivatives, who are willing to assume such risks, and who can absorb a partial or complete loss of principal and interest. The Notes carry various risks including, without limitation, the insolvency risk of the Issuer and the Guarantor and the insolvency, payment default and credit risk of the Reference [Entity/Entities]. There may be little or no secondary market for the Notes.*

*If a Credit Event occurs, the principal amount of the Notes will be reduced in accordance with the provisions hereof. Accordingly, the amount payable to investors on redemption may be substantially less than the initial principal amount of the Notes, and may even be zero. Consequently, you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*Unless stated otherwise, include all the items listed in Part A – Contractual Terms of these Final Terms in connection with all Notes.*

- |    |        |            |  |
|----|--------|------------|--|
| 1. | [(i)]  | Issuer:    | Fortis Bank nv-sa/Fortis Luxembourg Finance S.A. |
|    | [(ii)] | Guarantor: | Fortis Bank nv-sa]                               |

<sup>1</sup> to be inserted in the case of an issuance of Credit-linked Notes or Cash-Settled Credit Linked Notes.

2. [(i)] Series Number: [ ]
- [(ii)] Tranche Number: [ ]
- [If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible]*
3. Currency or Currencies: [ ]
4. Form: [Bearer Notes]  
[Exchangeable Bearer Notes]  
[Registered Notes]
5. Principal Amount of Tranche of Notes: admitted to trading:
- [(i)] Series: [ ]
- [(ii)] Tranche: [ ]
6. Issue Price: [ ] per cent. of the Principal Amount of Tranche [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
7. Specified Denominations: [ ]
- [Notes issued under the Programme which are to be admitted to trading on a regulated market situated or operating within a Member State or which are to be offered to the public in one or more Member States (where the terms "regulated market" and "offer to the public" are within the meaning of any measures implementing the Prospectus Directive in any relevant Member State) may not have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency)]*
8. [(i)] Issue Date: [ ]
- [(ii)] Interest Commencement Date: [ ]
9. Maturity Date: [ ], [subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Relevant Business Day(s) [is/are] [specify cities]]/[The Interest Payment Date falling in or nearest to [specify month and year]] [The Notes are Junior Subordinated Notes and accordingly have no Maturity Date]
- [If the Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
10. Interest Basis: [[ ] per cent. Fixed Rate]  
[[specify reference rate] +/-  
[ ] per cent. Floating Rate]  
[Zero Coupon]  
[Variable Coupon Amount]  
[Index Linked Interest]

- [Equity Linked Interest]  
[Non Interest Bearing]  
[specify other]  
(further particulars specified below)
11. Redemption Amount: [Principal Amount]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
[Variable Linked Redemption]  
[specify other]  
(further particulars specified below)
12. Change of Interest or Redemption Amount: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
13. Terms of redemption at the option of the Issuer/Noteholders or other Issuer's/Noteholders' option: [ ]  
[(further particulars specified below)]
14. [(i)] Status of the Notes: [Senior/Senior Subordinated/Junior Subordinated<sup>2</sup>]
- [(ii)] Status of the Guarantee: [Senior/Senior Subordinated/Junior Subordinated/Not applicable]<sup>3</sup>

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Rate[s]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day"/]not adjusted]
- (iii) Interest Period Dates: [ ]
- (iv) Fixed Coupon Amount[(s)]: [ ] per [ ] in Principal Amount [Do not specify a Fixed Coupon Amount for Cash-Settled Credit Linked Notes]
- (v) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]
- (vi) Day Count Fraction: [30/360/Actual/Actual (ICMA)/other]
- (vii) Other terms relating to the method of calculating interest for Fixed Interest Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Payment Date(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

<sup>2</sup> In the case of Junior Subordinated Notes, include an option by the Issuer to redeem the Notes no later than 10 years after the Issue Date, and subsequently, at least once every 10 years

<sup>3</sup> Add the following language if Board (or similar) authorisation is required for the particular tranche of notes or related guarantee (delete accordingly where the Issuer is Fortis Bank nv-sa:.) Date of [Fortis Luxembourg Finance S.A.'s Board and Guarantor's/Fortis Bank nv-sa's Management Committee approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ]], respectively]

- (iii) Additional Business Centre(s): [ ]  
*[Note that this item relates to the definition of "Relevant Business Day" (Condition 5(j)). Relevant Business Day is used in the definitions of the different Business Day Conventions (Condition 5(b)).]*
- (iv) Reference Banks: [specify four]
- (v) Spread (if applicable): [ ] per cent. per annum
- (vi) Spread Multiplier (if applicable) [ ]
- (vii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the [Fiscal Agent/Domiciliary Agent]): [ ]
- (viii) Relevant Time (if applicable) [ ]
- (ix) Screen Rate Determination:  
 – Benchmark: [EURO BBA LIBOR, EURIBOR or other benchmark]  
 – Interest Determination Date(s): [[ ] Business Days in [specify city] prior to] [the first day in each Interest Period/each Interest Payment Date]  
 – Relevant Screen Page: [ ]  
 – Relevant Financial Centre: [ ]  
*[For example, London/Euro-zone (where Euro-zone means the region comprised of countries whose lawful currency is the euro)]*
- (x) ISDA Determination:  
 – Floating Rate Option: [ ]  
 – Designated Maturity: [ ]  
 – Reset Date: [ ]
- (xi) Minimum Interest Rate: [ ] per cent. per annum
- (xii) Maximum Interest Rate: [ ] per cent. per annum
- (xiii) Day Count Fraction: [ ]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) *Amortisation Yield (Zero Coupon/High Interest/Low Interest Note):* [ ] per cent. per annum
- (ii) Reference Price (Zero Coupon/High Interest/Low Interest Note): [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
18. **Index-Linked Interest Note/Equity Linked Interest Note/other variable-linked interest** [Applicable/Not Applicable]



<b>Note Provisions</b>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i) Index/Formula/other variable:	[give or annex details]
(ii) Calculation Agent responsible for calculating the interest due:	[ ]
(iii) Provisions for determining coupon where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv) Determination Date(s)	[ ]
(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ] <i>[Need to include a description of market disruption or settlement disruption events and adjustment provision]</i>
(vi) Interest Period Dates/Interest Payment Dates:	[ ]
(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(viii) Additional Business Centre(s):	[ ]  <i>[Note that this item relates to the definition of "Relevant Business Day" (Condition 5(j)). Relevant Business Day is used in the definitions of the different Business Day Conventions (Condition 5(b)).]</i>
(ix) Minimum Interest Rate:	[ ] per cent. per annum
(x) Maximum Interest Rate:	[ ] per cent. per annum
(xi) Day Count Fraction:	[ ]
(xii) Description of any market disruption or settlement disruption events that affect the underlying:	[ ]

#### **PROVISIONS RELATING TO REDEMPTION**

19. **Redemption at the option of the Issuer or other Issuer's option** [Applicable/Not Applicable]
- [In the case of Junior Subordinated Notes, include an option by the Issuer to redeem the Notes no later than 10 years after the Issue Date, and subsequently, at least once every 10 years.]*
- [If not applicable, delete the remaining subparagraphs of this paragraph]*
- |      |   |  |
|------|---|--|
| (i)  | Issuer's Option Period:   | [ ]  |
|      |   | <i>[Please consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and Agents.]</i> |
| (ii) | Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [ ] per Note of [ ] Specified Denomination.<br><br><i>[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on</i>                                  |

such date.]

(iii) If redeemable in part:

(a) minimum redemption amount: [ ]

(b) maximum redemption amount: [ ]

20. **Redemption at the option of the Noteholder or other Noteholder's option** [Applicable/Not Applicable]

*[If not applicable, delete the remaining subparagraphs of this paragraph]*

(i) Noteholder's Option Period: [ ]

*[Please consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and Agents.]*

(ii) Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] Specified Denomination

21. **Final Redemption Amount of each Note** [[ ] per Note of [ ] Specified Denomination/other/see Appendix]

*[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]*

In cases where the Final Redemption Amount is linked to an index, shares or other variable-linked:

(i) Index/formula/variable:

(ii) Calculation Agent responsible for calculating the Final Redemption Amount *[give or annex details]*

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]

[(iv) Determination Date(s): [ ]]

(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]

(vi) Payment Date: [ ]

(vii) Minimum Final Redemption Amount: [ ]

(viii) Maximum Final Redemption Amount: [ ]

22. **Early Redemption Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ] *[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]*

23. Instalment Date(s) (if applicable): [ ]

24. Instalment Amount(s) (if applicable): [ ]
25. Unmatured Coupons to become void upon early redemption: [ ]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. **Form of Notes:** **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.] [Permanent Global Note exchangeable for Definitive Notes on [at least 60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. *[Insert this option for Notes issued by Fortis Bank nv-sa and cleared through the X/N System.]*
- [Registered Notes]
27. New Global Note: [Applicable/Not Applicable]
- [If "Not Applicable" is specified, ensure that "Not Applicable" is also specified for Eurosystem eligibility in the relevant paragraph of section 10 of Part B of these Final Terms, and if "Applicable" is specified, ensure that the appropriate specification is made thereto in respect of Eurosystem eligibility.]*
28. Business Day Jurisdictions for Condition 7(g) and any special provisions relating to payment dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate]
29. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon: [No/Yes, maturing every [ ] Interest Payment Dates]
30. Details relating to Redemption by Instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
31. Consolidation provisions: [Not Applicable/The provisions annexed to these Final Terms] apply]
32. Exchange for Definitive Notes at the request of the holder at the expense of: [the Issuer/Holder]

#### INDEX LINKED NOTES PROVISIONS

33. **Index Linked Provisions** [Applicable/Not Applicable]
- [If "Not Applicable" delete remaining sections of this paragraph]*
- [The following provisions in items (i) to (xv) apply to Notes linked to a single index only (delete all of these items if not applicable).]*
- (i) Averaging Dates: [specify dates or delete if not applicable]
- (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
- (iii) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and

- (ii) which is a TARGET Business Day]]
- (iv) Exchange(s): [specify relevant exchange if "Non-Multi Exchange Index" is specified below, otherwise delete]
- (v) Expiration Date: [specify date or delete if not applicable]
- (vi) Index: [specify]
- (vii) Index Sponsor: [specify or delete if fallback provisions in Part 2A to apply]
- (viii) Initial Index Level: [specify the Index Level on the Strike Date or delete if not applicable]
- (ix) Multi-Exchange Index: [Yes/No]
- (x) Non Multi-Exchange Index: [Yes/No]
- (xi) Observation Date(s): [specify or delete if not applicable]
- (xii) Observation Period: [The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]
- (xiii) Strike Date: [specify or delete if not applicable]
- (xiv) Strike Price: [specify or delete if not applicable]
- (xv) Other: [insert any other relevant terms]

*[The following provisions in items (i) to (xiii) apply to Notes linked to a basket of indices only (delete all of these items if not applicable):]*

- (i) Averaging Dates: [specify dates or delete if not applicable]
- (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
- (iii) Basket: [specify names of Indices and their respective weightings]  
[indicate which are Multi-Exchange Indices and which are Non Multi-Exchange Indices]
- (iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]
- (v) Exchange(s): [specify relevant exchange if "Non-Multi Exchange Index" is specified below, otherwise delete]
- (vi) Expiration Date: [specify date or delete if not applicable]
- (vii) Index Sponsor: [specify or delete if fallback provisions impart 2B to apply]
- (viii) Initial Index Level: [specify the Index Level on the Strike Date or delete if not applicable]
- (ix) Observation Date(s): [specify date or delete if not applicable]
- (x) Observation Period: [The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]
- (xi) Strike Date: [specify or delete if not applicable]
- (xii) Strike Price: [specify or delete if not applicable]
- (xiii) Other [insert any other relevant terms]

## EQUITY LINKED NOTES PROVISIONS

### 34. Equity Linked Provisions

[Applicable/Not Applicable]

*[If "Not Applicable" delete remaining sections of this paragraph]*

*[The following provisions in items (i) to (xx) apply to Notes linked to a single share only (delete all of these items if not applicable)]*

- (i) Averaging Dates: *[specify dates or delete if not applicable]*
- (ii) Barrier Level: *[[●] per. cent of Initial Index Level (or delete if not applicable)]*
- (iii) Business Day: *[A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]*
- (iv) Constant Monitoring: *[specify as applicable and delete "Valuation Time Only" below, or delete if not applicable]*
- (v) Exchange: *[specify]*
- (vi) Expiration Date: *[specify date or delete if not applicable]*
- (vii) Final Share Price: *[specify if the fallback provisions in Part 3A are not applicable, or delete if not applicable]*
- (viii) Initial Share Price: *[specify if the fallback provisions in Part 3A are not applicable, or delete if not applicable]*
- (ix) Observation Date(s): *[specify date(s) or delete if not applicable]*
- (x) Observation Period: *[The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]*
- (xi) Share Amount: *[specify formula or delete if not applicable]*
- (xii) Share Currency: *[specify]*
- (xiii) Share Delivery: *[specify as applicable or delete if no applicable]*  
*[if applicable, specify in which circumstances share delivery may occur (e.g. at the option of the Issuer; if share price reaches certain level, etc.)]*  
*[if applicable, specify if the Notes are Reverse Convertible Notes, Worst-off Reverse Convertible Notes or other kind of Notes]*
- (xiv) Share Delivery Date: *[[specify date], subject to Condition 7(n)(ii) and, if such day is not a Delivery Day, the first succeeding Delivery Day] (or delete if not applicable)]*
- (xv) Share Issuer: *[specify]*
- (xvi) Shares: *[provide name and short description of type of shares issued by the Share Issuer]*  
*(ISIN: [●])*
- (xvii) Strike Date: *[specify or delete if not applicable]*
- (xviii) Strike Price: *[specify or delete if not applicable]*
- (xix) Valuation Time Only: *[specify as applicable and delete "Constant Monitoring" above, or delete if not applicable]*

- (xx) Other: *[Insert any other relevant terms]*
- [The following provisions at items (i) to (xx) apply to Notes linked to a Basket of Shares only (delete all of these items if not applicable).]*
- (i) Averaging Dates: *[specify dates or delete if not applicable]*
- (ii) Barrier Level: *[[●] per. cent of Initial Index Level (or delete if not applicable)]*
- (iii) Basket: **“Basket”** means a basket composed of Shares in the relative [proportions/numbers of Shares] of each Share Issuer specified below:  
*[Insert details of:*  
\* *Share Issuer*  
\* *[Proportion/number of Shares]*  
\* *ISIN number*  
\* *Exchange]*
- (iv) Business Day: *[A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]*
- (v) Constant Monitoring: *[specify as applicable and delete “Valuation Time Only” below or delete if not applicable]*
- (vi) Expiration Date: *[specify date or delete if not applicable]*
- (vii) Final Share Price: *[specify if the fallback provisions in Part 3B are not applicable, or delete if not applicable]*
- (viii) Initial Share Price: *[specify if the fallback provisions in Part 3B are not applicable, or delete if not applicable]*
- (ix) Observation Date(s): *[specify date(s) or delete if not applicable]*
- (x) Observation Period: *[The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]*
- (xi) Share Amount: *[specify formula or delete if not applicable]*
- (xii) Share Currency: *[specify]*
- (xiii) Share Delivery: *[specify as applicable or delete if no applicable]*  
*[if applicable, specify in which circumstances share delivery may occur (e.g. at the option of the Issuer; if share price reaches certain level, etc.)]*  
*[if applicable, specify if the Notes are Reverse Convertible Notes, Worst-off Reverse Convertible Notes or other kind of Notes]*
- (xiv) Share Delivery Date: *[[specify date], subject to Condition 7(n)(ii) and, if such day is not a Delivery Day, the first succeeding Delivery Day] (or delete if not applicable)]*
- (xv) Share Issuer: *[specify]*
- (xvi) Shares: *[provide name and a short description of type of shares issued by the Share Issuer]*

- (ISIN: [●])
- (xvii) Strike Date: [specify or delete if not applicable]
- (xviii) Strike Price: [specify or delete if not applicable]
- (xix) Valuation Time Only: [specify as applicable and delete “Constant Monitoring” above or delete if not applicable]
- (xx) Other terms: [insert any other relevant terms]

#### CREDIT LINKED NOTE PROVISIONS

35. **Credit Linked Note Provisions:** [Not Applicable/Applicable]
- [If Not Applicable delete remaining sections of this paragraph]
- (i) First-to-Default Credit Linked Notes with Physical Settlement [Part 4A shall apply / Not Applicable]  
[specify all the relevant data of the CDS Confirmation and review and amend Part 4A as applicable]
- (ii) First-to-Default Credit Linked Notes with Cash Settlement [Part 4B shall apply / Not Applicable]  
[specify all the relevant data of the CDS Confirmation and review and amend Part 4B as applicable]
- (iii) Credit Linked Notes with a static portfolio of reference entities as underlying [Part 4C shall apply / Not Applicable]  
[specify all the relevant data of the CDS Confirmation including the Reference Portfolio and review and amend Part 4C as applicable]
36. Other terms or special conditions: *Include a condition to permit the early redemption in whole or in part of the Notes upon the designation of an Event Determination Date (as defined in Part 4A, 4B or 4C as applicable). Consider (i) suspension of maturity date for potential or unsettled credit events; (ii) timing of the cessation of interest and (iii) procedures for physical delivery to Noteholders where applicable.*
- (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

#### DISTRIBUTION

37. (i) If syndicated, names of Managers: [Not Applicable/give names (include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers)]
- (ii) Stabilising Manager (if any): [Not Applicable/give name]
- (iii) Total commission and concession: [ ] per cent. of the Principal Amount of Tranche
38. If non-syndicated, name of Dealer: [Not Applicable/give name and address]
39. [Applicable Netherlands selling restrictions for Notes issued by Fortis Luxembourg Finance S.A. which have a maturity of less than 12 months and are money market instruments as referred to in art. 1a(d) of the Decree on the Dutch Securities [High denomination Notes: selling restriction I(i) applies]  
[Professional Investors only: selling restriction I(ii) applies]

Markets Supervision Act 1995 (*Besluit toezicht effectenverkeer 1995*):] [Units of EUR 50,000: selling restriction I(iii) applies]

[Less than 100 individual or legal persons; selling restriction I(iv) applies]

[Otherwise offered in accordance with the Dutch Securities Markets Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*)]

[In addition to the above, i/]f Zero Coupon Notes are issued: selling restriction II applies (**Note: this selling restriction may also apply to Fortis Bank nv-sa**)]

40. Additional selling restrictions: [Not Applicable/*give details*]

## ADMISSION TO TRADING

These Final Terms comprise the final terms required to list and have admitted to trading the Notes described herein pursuant to the EUR 15,000,000,000 Euro Medium Term Note Programme of Fortis Bank nv-sa and Fortis Luxembourg Finance S.A. guaranteed by Fortis Bank nv-sa.

## RESPONSIBILITY

The Issuer [and the Guarantor]<sup>†</sup> accept responsibility for the information contained in these Final Terms.

[[ ] has been extracted from [ ]. [Each of the/The]<sup>\*</sup> Issuer [and the Guarantor]<sup>\*</sup> confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading (*not required where Notes will not be admitted to trading on a regulated market and/or offered to the public in the European Economic Area*).]<sup>\*\*</sup>

Signed on behalf of the Issuer:

By:

*Duly authorised*

[Signed on behalf of the Guarantor:

By:

*Duly authorised*]<sup>†</sup>

---

<sup>†</sup> Delete where the Issuer is Fortis Bank nv-sa.

<sup>\*</sup> Delete in each case as applicable.

<sup>\*\*</sup> Include where any information sourced from a third party has been reproduced, and provide necessary details.



## PART B – OTHER INFORMATION

[For Notes which are not to be admitted to trading on a regulated market and/or offered to the public in the European Economic Area only parts 1(i), 1(ii), 5(ii) and the paragraph under “Operational Information” should be included in “Part B – Other Information”]

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to [listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange for the purposes of the Prospectus Directive/trading on [ ] with effect from [ ].]/[Not Applicable.]
- (iii) The aggregate principal amount of Notes [ ] issued has been translated in Euro at the rate of [ ] (for Notes not denominated in Euro
- (iv) Estimates of total expenses related to [ ] admission to trading:

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [ ]]
- [Moody’s: [ ]]
- [[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. [NOTIFICATION

The Luxembourg *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest.]*

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer [ ]
- (See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- [(ii)] Estimated net proceeds: [ ].
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]*
- [(iii)] Estimated total expenses: [ ].
- [Include breakdown of expenses.]*
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies or are*

wholesale Notes, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

6. [Fixed Rate Notes only – **YIELD**

Indication of yield:

[ ].

Calculated as [include details of method of calculation in summary form] on the Issue Date. (Insert for retail issue only)

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [Floating Rate Notes only – **HISTORIC INTEREST RATES** [Include Item 7 for a retail issue only]

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

8. [Index-linked or other variable-linked Notes only – **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, [REQUIRED FOR RETAIL ISSUES ONLY – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS] AND OTHER INFORMATION CONCERNING THE UNDERLYING (TO BE INCLUDED FOR DERIVATIVE SECURITIES TO WHICH ANNEX XII TO THE PROSPECTIVE DIRECTIVE REGULATIONS APPLIES)**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident] (text in square brackets not required for wholesale issues). [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]

[Name of index/share] [specify]

[Description of index (if composed by Issuer)/share:] [specify]

[Information on index (if not composed by Issuer)/share:] [specify]

The underlying is a security/share: [name of the issuer of the security/share]

[ISIN Code or other identification code]

The underlying is a basket of underlyings: [disclosure of relevant weightings of each underlying in the basket]

9. [Dual Currency Notes only – **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

10. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times

during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[Include this text if "Yes" selected in which case the Notes must be issued in NGN form]*

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):  System/Not Applicable/*give name(s) and number(s)*

Delivery: Delivery  against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):  [ ]

Calculation Agent:  [Fortis Banque Luxembourg S.A./Fortis Bank nv-sa/the Dealer/any other third party]

Conditions to which the offer is subject:  [The Issuer reserves the right to withdraw the present offer, if the minimum amount is not placed or if there are market or other disruptions not enabling a smooth settlement of the Notes, as determined by the Issuer in its sole discretion/Not Applicable/*[other]*]

Total amount of the offer:  [ ]

*(If the amount is not fixed, provide a description of the arrangements and time for announcements to the public the amount of the offer)*

An offer to the public:  [An offer to the public will be made in *[specify]* from (and including) *[date]* to (and including) *[date]*/Not Applicable].

*[other details]*

*(If applicable, provide description of the application process)*

Minimum and/or maximum amount of application:  [ ]/Not Applicable]

Method and time limits for paying for the securities and for the delivery of the securities:  [ ]/Not Applicable]

Manner and date in which results of the offer are to be made public:  [ ]/Not Applicable]

Categories of potential investors to which the securities are offered:  [ ]/Not Applicable]

Process for notification to applicants of amount allotted:  [ ]/Not Applicable]

Expected price and method of determination:  [ ]/Not Applicable]

Expenses and taxes charged to the subscriber/purchaser:  [ ]/Not Applicable]

### FORM OF FINAL TERMS 3

#### FORM OF FINAL TERMS TO BE USED FOR ISSUANCES OF UNLISTED NOTES THE PLACEMENT OF WHICH DOES NOT REQUIRE THE PUBLICATION OF A PROSPECTUS PURSUANT TO THE PROSPECTUS DIRECTIVE 2003/71/EC

Final Terms dated [•]

**[Fortis Bank nv-sa**

*(incorporated as a public company with limited liability (naamloze vennootschap/société anonyme) under the laws of Belgium, having its registered office in Montagne du Parc 3, B-1000 Brussels, and registered with the register of legal entities of Brussels under enterprise No. 0403.199.702]*

**[Fortis Luxembourg Finance S.A.**

*(incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg, having its registered office at 65, boulevard Grande-Duchess Charlotte, L-1331 Luxembourg and registered with the Luxembourg Registry of Commerce and Companies under No. B 24.784)*

**Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
[Guaranteed by FORTIS BANK nv-sa]  
under the EUR 15,000,000,000  
Euro Medium Term Note Programme**

#### PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 September 2006. These Final Terms of the Notes and must be read in conjunction with such Base Prospectus.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date]. These Final Terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]], save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

#### **[Risk Warning<sup>1</sup>**

*Investment in the Notes is directed at sophisticated investors who are conversant with the considerable risks involved in credit derivatives, who are willing to assume such risks, and who can absorb a partial or complete loss of principal and interest. The Notes carry various risks including, without limitation, the insolvency risk of the Issuer and the Guarantor and the insolvency, payment default and credit risk of the Reference [Entity/Entities]. There may be little or no secondary market for the Notes.*

*If a Credit Event occurs, the principal amount of the Notes will be reduced in accordance with the provisions hereof. Accordingly, the amount payable to investors on redemption may be substantially less than the initial principal amount of the Notes, and may even be zero. Consequently, you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*Unless stated otherwise, include all the items listed in Part A – Contractual Terms of these Final Terms in connection with all Notes.*

- |    |        |            |  |
|----|--------|------------|--|
| 1. | [(i)]  | Issuer:    | Fortis Bank nv-sa/Fortis Luxembourg Finance S.A. |
|    | [(ii)] | Guarantor: | Fortis Bank nv-sa]                               |

<sup>1</sup> to be inserted in the case of an issuance of Credit-linked Notes or Cash-Settled Credit Linked Notes.

2. [(i) Series Number: [ ]  
 [(ii) Tranche Number: [ ]  
*[If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible]*
3. Currency or Currencies: [ ]
4. Form: [Bearer Notes]  
 [Exchangeable Bearer Notes]  
 [Registered Notes]
5. Principal Amount of Tranche of Notes: admitted to trading:  
 [(i) Series: [ ]  
 [(ii) Tranche: [ ]
6. Issue Price: [ ] per cent. of the Principal Amount of Tranche [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
7. Specified Denominations: [ ]
8. [(i) Issue Date: [ ]  
 [(ii) Interest Commencement Date: [ ]
9. Maturity Date: [ ], [subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Relevant Business Day(s) [is/are] [specify cities]]/[The Interest Payment Date falling in or nearest to [specify month and year]] [The Notes are Junior Subordinated Notes and accordingly have no Maturity Date]  
*[If the Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
10. Interest Basis: [[ ] per cent. Fixed Rate]  
 [[specify reference rate] +/-  
 [ ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Variable Coupon Amount]  
 [Index Linked Interest]  
 [Equity Linked Interest]  
 [Non Interest Bearing]  
 [specify other]  
*(further particulars specified below)*
11. Redemption Amount: [Principal Amount]  
 [Index Linked Redemption]  
 [Equity Linked Redemption]  
 [Variable Linked Redemption]  
 [specify other]  
*(further particulars specified below)*
12. Change of Interest or Redemption Amount: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment]*

basis]

13. Terms of redemption at the option of the Issuer/Noteholders or other Issuer's/Noteholders' option: [ ] [(further particulars specified below)]
14. [(i)] Status of the Notes: [Senior/Senior Subordinated/Junior Subordinated<sup>2</sup>]
- [(ii)] Status of the Guarantee: [Senior/Senior Subordinated/Junior Subordinated/Not applicable]<sup>3</sup>

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- [If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Interest Rate[s]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day"]*/not adjusted]
- (iii) Interest Period Dates: [ ]
- (iv) Fixed Coupon Amount[(s)]: [ ] per [ ] in Principal Amount *[Do not specify a Fixed Coupon Amount for Cash-Settled Credit Linked Notes]*
- (v) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (vi) Day Count Fraction: [30/360/Actual/Actual (ICMA)/other]
- (vii) Other terms relating to the method of calculating interest for Fixed Interest Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- [If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Interest Payment Date(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Centre(s): [ ]
- [Note that this item relates to the definition of "Relevant Business Day" (Condition 5(j)). Relevant Business Day is used in the definitions of the different Business Day Conventions (Condition 5(b)).]*
- (iv) Reference Banks: *[specify four]*
- (v) Spread (if applicable): [ ] per cent. per annum
- (vi) Spread Multiplier (if applicable) [ ]
- (vii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) [ ]

<sup>2</sup> In the case of Junior Subordinated Notes, include an option by the Issuer to redeem the Notes no later than 10 years after the Issue Date, and subsequently, at least once every 10 years

<sup>3</sup> Add the following language if Board (or similar) authorisation is required for the particular tranche of notes or related guarantee (delete accordingly where the Issuer is Fortis Bank nv-sa:.) Date of [Fortis Luxembourg Finance S.A.'s Board and Guarantor's/Fortis Bank nv-sa's] Management Committee approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ]], respectively]

(if not the [Fiscal Agent/Domiciliary Agent]):

- (viii) Relevant Time (if applicable) [ ]
- (ix) Screen Rate Determination:
- Benchmark: [EURO BBA LIBOR, EURIBOR or other benchmark]
  - Interest Determination Date(s): [[ ] Business Days in [specify city] prior to] [the first day in each Interest Period/each Interest Payment Date]
  - Relevant Screen Page: [ ]
  - Relevant Financial Centre: [ ]
- [For example, London/Euro-zone (where Euro-zone means the region comprised of countries whose lawful currency is the euro)]
- (x) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (xi) Minimum Interest Rate: [ ] per cent. per annum
- (xii) Maximum Interest Rate: [ ] per cent. per annum
- (xiii) Day Count Fraction: [ ]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield (Zero Coupon/High Interest/Low Interest Note): [ ] per cent. per annum
  - (ii) Reference Price (Zero Coupon/High Interest/Low Interest Note): [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]
18. **Index-Linked Interest Note/Equity Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
  - (ii) Calculation Agent responsible for calculating the interest due: [ ]
  - (iii) Provisions for determining coupon where calculated by reference to Index and/or Formula and/or other variable: [ ]
  - (iv) Determination Date(s) [ ]
  - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is [ ]
- [Need to include a description of market disruption or

- impossible or impracticable or *settlement disruption events and adjustment* otherwise disrupted: *provision*]
- (vi) Interest Period Dates/Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (viii) Additional Business Centre(s): [ ]
- [*Note that this item relates to the definition of "Relevant Business Day" (Condition 5(j)). Relevant Business Day is used in the definitions of the different Business Day Conventions (Condition 5(b)).*]
- (ix) Minimum Interest Rate: [ ] per cent. per annum
- (x) Maximum Interest Rate: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Description of any market disruption or settlement disruption events that affect the underlying: [ ]

#### PROVISIONS RELATING TO REDEMPTION

19. **Redemption at the option of the Issuer or other Issuer's option** [Applicable/Not Applicable]
- [*In the case of Junior Subordinated Notes, include an option by the Issuer to redeem the Notes no later than 10 years after the Issue Date, and subsequently, at least once every 10 years.*]
- [*If not applicable, delete the remaining subparagraphs of this paragraph*]
- (i) Issuer's Option Period: [ ]
- [*Please consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and Agents.*]
- (ii) Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] Specified Denomination.
- [*For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.*]
- (iii) If redeemable in part:
- (a) minimum redemption amount: [ ]
- (b) maximum redemption amount: [ ]
20. **Redemption at the option of the Noteholder or other Noteholder's option** [Applicable/Not Applicable]
- [*If not applicable, delete the remaining subparagraphs of this paragraph*]
- (i) Noteholder's Option Period: [ ]
- [*Please consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as*



between the Issuer and Agents.]

- (ii) Redemption Amount(s) of each Note [ ] per Note of [ ] Specified Denomination and method, if any, of calculation of such amount(s):

21. **Final Redemption Amount of each Note** [[ ] per Note of [ ] Specified Denomination/other/see Appendix]

[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]

In cases where the Final Redemption Amount is linked to an index, shares or other variable-linked:

- (i) Index/formula/variable: [ ]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount [give or annex details]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- [(iv) Determination Date(s): [ ]]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (vi) Payment Date: [ ]
- (vii) Minimum Final Redemption Amount: [ ]
- (viii) Maximum Final Redemption Amount: [ ]

22. **Early Redemption Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ]

[For Cash-Settled Credit Linked Notes, specify "Principal Amount Outstanding" on the date fixed for redemption, after any adjustment thereto on such date.]

23. Instalment Date(s) (if applicable): [ ]

24. Instalment Amount(s) (if applicable): [ ]

25. Unmatured Coupons to become void upon early redemption: [ ]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. **Form of Notes:**

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.] [Permanent Global Note exchangeable for Definitive Notes on [at least 60] days' notice/at any time/in the limited circumstances specified in the Permanent Global

Note]. *[Insert this option for Notes issued by Fortis Bank nv-sa and cleared through the X/N System.]*

[Registered Notes]

27. New Global Note: [Applicable/Not Applicable]
- [If "Not Applicable" is specified, ensure that "Not Applicable" is also specified for Eurosystem eligibility in the relevant paragraph of section 10 of Part B of these Final Terms, and if "Applicable" is specified, ensure that the appropriate specification is made thereto in respect of Eurosystem eligibility.]*
28. Business Day Jurisdictions for Condition 7(g) and any special provisions relating to payment dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate]
29. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon: [No/Yes, maturing every [ ] Interest Payment Dates]
30. Details relating to Redemption by Instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
31. Consolidation provisions: [Not Applicable/The provisions annexed to these Final Terms] apply]
32. Exchange for Definitive Notes at the request of the holder at the expense of: [the Issuer/Holder]

#### INDEX LINKED NOTES PROVISIONS

33. **Index Linked Provisions** [Applicable/Not Applicable]
- [If "Not Applicable" delete remaining sections of this paragraph]*
- [The following provisions in items (i) to (xv) apply to Notes linked to a single index only (delete all of these items if not applicable):]*
- (i) Averaging Dates: [specify dates or delete if not applicable]
- (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
- (iii) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]
- (iv) Exchange(s): [specify relevant exchange if "Non-Multi Exchange Index" is specified below, otherwise delete]
- (v) Expiration Date: [specify date or delete if not applicable]
- (vi) Index: [specify]
- (vii) Index Sponsor: [specify or delete if fallback provisions in Part 2A to apply]
- (viii) Initial Index Level: [specify the Index Level on the Strike Date or delete if not applicable]
- (ix) Multi-Exchange Index: [Yes/No]
- (x) Non Multi-Exchange Index: [Yes/No]
- (xi) Observation Date(s): [specify or delete if not applicable]

- (xii) Observation Period: [The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]
- (xiii) Strike Date: [specify or delete if not applicable]
- (xiv) Strike Price: [specify or delete if not applicable]
- (xv) Other: [insert any other relevant terms]

*[The following provisions in items (i) to (xiii) apply to Notes linked to a basket of indices only (delete all of these items if not applicable):]*

- (i) Averaging Dates: [specify dates or delete if not applicable]
- (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
- (iii) Basket: [specify names of Indices and their respective weightings]  
[indicate which are Multi-Exchange Indices and which are Non Multi-Exchange Indices]
- (iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]
- (v) Exchange(s): [specify relevant exchange if "Non-Multi Exchange Index" is specified below, otherwise delete]
- (vi) Expiration Date: [specify date or delete if not applicable]
- (vii) Index Sponsor: [specify or delete if fallback provisions impart 2B to apply]
- (viii) Initial Index Level: [specify the Index Level on the Strike Date or delete if not applicable]
- (ix) Observation Date(s): [specify date or delete if not applicable]
- (x) Observation Period: [The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]
- (xi) Strike Date: [specify or delete if not applicable]
- (xii) Strike Price: [specify or delete if not applicable]
- (xiii) Other [insert any other relevant terms]

#### **EQUITY LINKED NOTES PROVISIONS**

##### **34. Equity Linked Provisions**

[Applicable/Not Applicable]

*[If "Not Applicable" delete remaining sections of this paragraph]*

*[The following provisions in items (i) to (xx) apply to Notes linked to a single share only (delete all of these items if not applicable)]*

- (i) Averaging Dates: [specify dates or delete if not applicable]
- (ii) Barrier Level: [[●] per. cent of Initial Index Level (or delete if not applicable)]
- (iii) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and

- (ii) which is a TARGET Business Day]]
- (iv) Constant Monitoring: [specify as applicable and delete “Valuation Time Only” below, or delete if not applicable]
- (v) Exchange: [specify]
- (vi) Expiration Date: [specify date or delete if not applicable]
- (vii) Final Share Price: [specify if the fallback provisions in Part 3A are not applicable, or delete if not applicable]
- (viii) Initial Share Price: [specify if the fallback provisions in Part 3A are not applicable, or delete if not applicable]
- (ix) Observation Date(s): [specify date(s) or delete if not applicable]
- (x) Observation Period: [The period from and including [the Issue Date/the Strike Date/[•]] to and including [the Expiration Date/[•]] [or delete if not applicable]
- (xi) Share Amount: [specify formula or delete if not applicable]
- (xii) Share Currency: [specify]
- (xiii) Share Delivery: [specify as applicable or delete if no applicable]
- [if applicable, specify in which circumstances share delivery may occur (e.g. at the option of the Issuer; if share price reaches certain level, etc.)]
- [if applicable, specify if the Notes are Reverse Convertible Notes, Worst-off Reverse Convertible Notes or other kind of Notes]
- (xiv) Share Delivery Date: [[specify date], subject to Condition 7(n)(ii) and, if such day is not a Delivery Day, the first succeeding Delivery Day] (or delete if not applicable)]
- (xv) Share Issuer: [specify]
- (xvi) Shares: [provide name and short description of type of shares issued by the Share Issuer]
- (ISIN: [•])
- (xvii) Strike Date: [specify or delete if not applicable]
- (xviii) Strike Price: [specify or delete if not applicable]
- (xix) Valuation Time Only: [specify as applicable and delete “Constant Monitoring” above, or delete if not applicable]
- (xx) Other: [Insert any other relevant terms]
- [The following provisions at items (i) to (xx) apply to Notes linked to a Basket of Shares only (delete all of these items if not applicable):]
- (i) Averaging Dates: [specify dates or delete if not applicable]
- (ii) Barrier Level: [[•] per. cent of Initial Index Level (or delete if not applicable)]
- (iii) Basket: “Basket” means a basket composed of Shares in the relative [proportions/numbers of Shares] of each Share Issuer specified below:
- [Insert details of:
- \* Share Issuer
- \* [Proportion/number of Shares]

\* ISIN number

\* Exchange]

- (iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) which is a TARGET Business Day]]
- (v) Constant Monitoring: [specify as applicable and delete "Valuation Time Only" below or delete if not applicable]
- (vi) Expiration Date: [specify date or delete if not applicable]
- (vii) Final Share Price: [specify if the fallback provisions in Part 3B are not applicable, or delete if not applicable]
- (viii) Initial Share Price: [specify if the fallback provisions in Part 3B are not applicable, or delete if not applicable]
- (ix) Observation Date(s): [specify date(s) or delete if not applicable]
- (x) Observation Period: [The period from and including [the Issue Date/the Strike Date/[●]] to and including [the Expiration Date/[●]] [or delete if not applicable]
- (xi) Share Amount: [specify formula or delete if not applicable]
- (xii) Share Currency: [specify]
- (xiii) Share Delivery: [specify as applicable or delete if no applicable]  
[if applicable, specify in which circumstances share delivery may occur (e.g. at the option of the Issuer; if share price reaches certain level, etc.)]  
[if applicable, specify if the Notes are Reverse Convertible Notes, Worst-off Reverse Convertible Notes or other kind of Notes]
- (xiv) Share Delivery Date: [[specify date], subject to Condition 7(n)(ii) and, if such day is not a Delivery Day, the first succeeding Delivery Day] (or delete if not applicable)]
- (xv) Share Issuer: [specify]
- (xvi) Shares: [provide name and a short description of type of shares issued by the Share Issuer]  
(ISIN: [●])
- (xvii) Strike Date: [specify or delete if not applicable]
- (xviii) Strike Price: [specify or delete if not applicable]
- (xix) Valuation Time Only: [specify as applicable and delete "Constant Monitoring" above or delete if not applicable]
- (xx) Other terms: [insert any other relevant terms]

#### CREDIT LINKED NOTE PROVISIONS

##### 35. Credit Linked Note Provisions:

[Not Applicable/Applicable]

[If Not Applicable delete remaining sections of this paragraph]

- (i) First-to-Default Credit Linked Notes with Physical Settlement [Part 4A shall apply / Not Applicable]  
[specify all the relevant data of the CDS Confirmation and review and amend Part 4A as applicable]
- (ii) First-to-Default Credit Linked Notes [Part 4B shall apply / Not Applicable]

- with Cash Settlement [specify all the relevant data of the CDS Confirmation and review and amend Part 4B as applicable]
- (iii) Credit Linked Notes with a static portfolio of reference entities as underlying [Part 4C shall apply / Not Applicable]  
[specify all the relevant data of the CDS Confirmation including the Reference Portfolio and review and amend Part 4C as applicable]
36. Other terms or special conditions: *Include a condition to permit the early redemption in whole or in part of the Notes upon the designation of an Event Determination Date (as defined in Part 4A, 4B or 4C as applicable). Consider (i) suspension of maturity date for potential or unsettled credit events; (ii) timing of the cessation of interest and (iii) procedures for physical delivery to Noteholders where applicable.*  
  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

## DISTRIBUTION

37. (i) If syndicated, names of Managers: [Not Applicable/give names (include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)]
- (ii) Stabilising Manager (if any): [Not Applicable/give name]
- (iii) Total commission and concession: [ ] per cent. of the Principal Amount of Tranche
38. If non-syndicated, name of Dealer: [Not Applicable/give name and address]
39. [Applicable Netherlands selling restrictions for Notes issued by Fortis Luxembourg Finance S.A. which have a maturity of less than 12 months and are money market instruments as referred to in art. 1a(d) of the Decree on the Dutch Securities Markets Supervision Act 1995 (*Besluit toezicht effectenverkeer 1995*):]  
[High denomination Notes: selling restriction I(i) applies]  
[Professional Investors only: selling restriction I(ii) applies]  
[Units of EUR 50,000: selling restriction I(iii) applies]  
[Less than 100 individual or legal persons; selling restriction I(iv) applies]  
[Otherwise offered in accordance with the Dutch Securities Markets Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*)]  
[In addition to the above, i/]f Zero Coupon Notes are issued: selling restriction II applies (**Note: this selling restriction may also apply to Fortis Bank nv-sa**)]
40. Additional selling restrictions: [Not Applicable/give details]

## RESPONSIBILITY

The Issuer [and the Guarantor]<sup>†</sup> accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

*Duly authorised*

[Signed on behalf of the Guarantor:

By:

*Duly authorised*]<sup>†</sup>

---

<sup>†</sup> Delete where the Issuer is Fortis Bank nv-sa.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to [listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange for the purposes of the Prospectus Directive/trading on [ ] with effect from [ ]]/[Not Applicable.]

### 2. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Estimated net proceeds: [ ].

### 3. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[Include this text if "Yes" selected in which case the Notes must be issued in NGN form]*

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): [X/N System/Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [ ]

Calculation Agent: [Fortis Banque Luxembourg S.A./Fortis Bank nv-sa/the Dealer/any other third party]

Conditions to which the offer is subject: [The Issuer reserves the right to withdraw the present offer, if the minimum amount is not placed or if there are market or other disruptions not enabling a smooth settlement of the Notes, as determined by the Issuer in its sole discretion/Not Applicable/[ ]]

Total amount of the offer: [ ]

*(If the amount is not fixed, provide a description of the arrangements and time for announcements to the public the amount of the offer)*

An offer to the public: [An offer to the public will be made in [specify] from (and including) [date] to (and including) [date]/Not Applicable].

*[other details]*

*(If applicable, provide description of the application process)*

Minimum and/or maximum amount of application: [[ ]/Not Applicable]

Method and time limits for paying for the securities and for the delivery of the securities: [[ ]/Not Applicable]

Manner and date in which results of the offer are to be [[ ]/Not Applicable]



made public:

Categories of potential investors to which the securities are offered:  /Not Applicable]

Process for notification to applicants of amount allotted:  /Not Applicable]

Expected price and method of determination:  /Not Applicable]

Expenses and taxes charged to the subscriber/purchaser:  /Not Applicable]

## BRIEF EXPLANATION OF THE MEANING OF THE RATINGS

*Some Tranches of Notes issued under the Programme may be assigned a specific rating that will not necessarily be the same as the rating assigned to the Programme, as mentioned in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the relevant assigning rating agency. The definitions below can be updated by the rating agencies from time to time. These definitions can be found on the websites of the rating agencies ([www.moodys.com](http://www.moodys.com); [www.standardandpoors.com](http://www.standardandpoors.com) ; [www.fitchibca.com](http://www.fitchibca.com)). The definitions below have been extracted from the websites of the rating agencies and have been reproduced by the Issuers in this Base Prospectus.*

### MOODY'S

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Moody's assigns long-term ratings to individual debt securities issued from medium-term note (MTN) programs, in addition to indicating ratings to MTN programs themselves. Notes issued under MTN programs with such indicated ratings are rated at issuance at the rating applicable to all pari passu notes issued under the same program, at the program's relevant indicated rating, provided such notes do not exhibit any of the characteristics listed below:

- Notes containing features that link interest or principal to the credit performance of any third party or parties (i.e., credit-linked notes);
- Notes allowing for negative coupons, or negative principal;
- Notes containing any provision that could obligate the investor to make any additional payments;
- Notes containing provisions that subordinate the claim.

For notes with any of these characteristics, the rating of the individual note may differ from the indicated rating of the program.

For credit-linked securities, Moody's policy is to "look through" to the credit risk of the underlying obligor. Moody's policy with respect to non-credit linked obligations is to rate the issuer's ability to meet the contract as stated, regardless of potential losses to investors as a result of non-credit developments. In other words, as long as the obligation has debt standing in the event of bankruptcy, we will assign the appropriate debt class level rating to the instrument.

Market participants must determine whether any particular note is rated, and if so, at what rating level. Moody's encourages market participants to contact Moody's Ratings Desks or visit [www.moodys.com](http://www.moodys.com) directly if they have questions regarding ratings for specific notes issued under a medium-term note program. Unrated notes issued under an MTN program may be assigned an NR (not rated) symbol.

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

### Rating Definitions:

#### Aaa

Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

#### Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

#### A

Obligations rated A are considered upper-medium grade and are subject to low credit risk.

## **Baa**

Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

## **Ba**

Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

## **B**

Obligations rated B are considered speculative and are subject to high credit risk.

## **Caa**

Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

## **Ca**

Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

## **C**

Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

**Note:** Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

## **STANDARD & POOR'S**

A Standard & Poor's issue credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The issue credit rating is not a recommendation to purchase, sell, or hold a financial obligation, in as much as it does not comment as to market price or suitability for a particular investor.

Issue credit ratings are based on current information furnished by the obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any credit rating and may, on occasion, rely on unaudited financial information. Credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Issue credit ratings can be either long term or short term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. The result is a dual rating, in which the short-term rating addresses the put feature, in addition to the usual long-term rating.

Medium-term notes are assigned long-term ratings.

### Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights. The issue rating definitions are expressed in terms of default risk. As such, they pertain to senior obligations of an entity. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation applies when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.) Accordingly, in the case of junior debt, the rating may not conform exactly with the category definition.

## **Rating Definitions:**

### **AAA**

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

### **AA**

An obligation rated 'AA' differs from the highest-rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

### **A**

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

### **BBB**

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

### **BB, B, CCC, CC, and C**

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

### **BB**

An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

### **B**

An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

### **CCC**

An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

### **CC**

An obligation rated 'CC' is currently highly vulnerable to nonpayment.

### **C**

The 'C' rating may be used to cover a situation where a bankruptcy petition has been filed or similar action has been taken, but payments on this obligation are being continued.

### **D**

An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

### **Plus (+) or minus (-)**

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

## **c**

The 'c' subscript is used to provide additional information to investors that the bank may terminate its obligation to purchase tendered bonds if the long-term credit rating of the issuer is below an investment-grade level and/or the issuer's bonds are deemed taxable.

## **p**

The letter 'p' indicates that the rating is provisional. A provisional rating assumes the successful completion of the project financed by the debt being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful, timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, makes no comment on the likelihood of or the risk of default upon failure of such completion. The investor should exercise his own judgment with respect to such likelihood and risk.

\*

Continuance of the ratings is contingent upon Standard & Poor's receipt of an executed copy of the escrow agreement or closing documentation confirming investments and cash flows.

## **r**

The 'r' highlights derivative, hybrid, and certain other obligations that Standard & Poor's believes may experience high volatility or high variability in expected returns as a result of non-credit risks. Examples of such obligations are securities with principal or interest return indexed to equities, commodities, or currencies; certain swaps and options; and interest-only and principal-only mortgage securities. The absence of an 'r' symbol should not be taken as an indication that an obligation will exhibit no volatility or variability in total return.

## **N.R.**

Not rated.

Debt obligations of issuers outside the United States and its territories are rated on the same basis as domestic corporate and municipal issues. The ratings measure the creditworthiness of the obligor but do not take into account currency exchange and related uncertainties.

## **FITCH'S**

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving their money back in accordance with the terms on which they invested. Fitch's credit ratings cover the global spectrum of corporate, sovereign (including supranational and subnational), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

The use of credit ratings defines their function: "investment grade" ratings (international Longterm 'AAA' — 'BBB-' categories; Short-term 'F1' — 'F3') indicate relatively low to moderate credit risk, while those in the "speculative" or "non investment grade" categories (international Long-term 'BB+' — 'D'; Short-term 'B' — 'D') either signal a higher level of credit risk or that a default has already occurred. Credit ratings express risk in relative rank order, which is to say they are ordinal measures of credit risk and are not predictive of a specific frequency of default or loss.

Depending on their application, credit ratings address benchmark measures of probability of default as well relative expectations of loss given default. For example, issuers are typically assigned Issuer Default Ratings that are relative measures of default probability. Similarly, short-term credit ratings give primary consideration to the likelihood that obligations will be met on a timely basis. Securities, however, are rated taking into consideration probability of default and loss given default. As a result, for entities such as corporations security ratings may be rated higher, lower or the same as the issuer rating to reflect expectations of the security's relative recovery prospects, as well as differences in ability and willingness to pay. While recovery analysis plays an important role throughout the ratings scale, it becomes a more critical consideration for below investment-grade securities and obligations, particularly at the lower end of the non-investment-grade ratings scale where Fitch often publishes actual Recovery Ratings, that are complementary to the credit ratings. Structured finance ratings typically are assigned to each individual security or tranche in a transaction, and not to an issuer. Each structured finance tranche is rated on the basis of various stress scenarios in combination with its relative seniority, prioritization of cash flows and other structural mechanisms.

## **Rating Definitions:**

### ***Investment Grade***

#### **AAA**

Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

#### **AA**

Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

#### **A**

High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

#### **BBB**

Good credit quality. 'BBB' ratings indicate that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

### ***Speculative Grade***

#### **BB**

Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

#### **B**

Highly speculative.

For issuers and performing obligations, 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment.

For individual obligations, may indicate distressed or defaulted obligations with potential for extremely high recoveries. Such obligations would possess a Recovery Rating of 'R1' (outstanding).

#### **CCC**

For issuers and performing obligations, default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic conditions.

For individual obligations, may indicate distressed or defaulted obligations with potential for average to superior levels of recovery. Differences in credit quality may be denoted by plus/minus distinctions. Such obligations typically would possess a Recovery Rating of 'R2' (superior), or 'R3' (good) or 'R4' (average).

#### **CC**

For issuers and performing obligations, default of some kind appears probable.

For individual obligations, may indicate distressed or defaulted obligations with a Recovery Rating of 'R4' (average) or 'R5' (below average).

#### **C**

For issuers and performing obligations, default is imminent.

For individual obligations, may indicate distressed or defaulted obligations with potential for below-average to poor recoveries. Such obligations would possess a Recovery Rating of 'R6' (poor).

## RD

Indicates an entity that has failed to make due payments (within the applicable grace period) on some but not all material financial obligations, but continues to honour other classes of obligations. .

## D

Indicates an entity or sovereign that has defaulted on all of its financial obligations. Default generally is defined as one of the following:

- failure of an obligor to make timely payment of principal and/or interest under the contractual terms of any financial obligation;
- the bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of business of an obligor; or
- the distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Default ratings are not assigned prospectively; within this context, non-payment on an instrument that contains a deferral feature or grace period will not be considered a default until after the expiration of the deferral or grace period.

Issuers will be rated 'D' upon a default. Defaulted and distressed obligations typically are rated along the continuum of 'C' to 'B' ratings categories, depending upon their recovery prospects and other relevant characteristics. Additionally, in structured finance transactions, where analysis indicates that an instrument is irrevocably impaired such that it is not expected to meet pay interest and/or principal in full in accordance with the terms of the obligation's documentation during the life of the transaction, but where no payment default in accordance with the terms of the documentation is imminent, the obligation may be rated in the 'B' or 'CCC-C' categories.

Default is determined by reference to the terms of the obligations' documentation. Fitch will assign default ratings where it has reasonably determined that payment has not been made on a material obligation in accordance with the requirements of the obligation's documentation, or where it believes that default ratings consistent with Fitch's published definition of default are the most appropriate ratings to assign.

### Notes to International Long-Term and Short-Term ratings:

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'. (The +/- modifiers are only used to denote issues within the CCC category, whereas issuers are only rated CCC without the use of modifiers.)

**Rating Watch:** Ratings are placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and the likely direction of such change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

**Rating Outlook:** An Outlook indicates the direction a rating is likely to move over a one to two-year period. Outlooks may be positive, stable or negative. A positive or negative Rating Outlook does not imply a rating change is inevitable. Similarly, ratings for which outlooks are 'stable' could be upgraded or downgraded before an outlook moves to positive or negative if circumstances warrant such an action. Occasionally, Fitch Ratings may be unable to identify the fundamental trend. In these cases, the Rating Outlook may be described as evolving.

Program ratings (such as the those assigned to MTN shelf registrations) relate only to standard issues made under the program concerned; it should not be assumed that these ratings apply to every issue made under the program. In particular, in the case of non-standard issues, i.e. those that are linked to the credit of a third party or linked to the performance of an index, ratings of these issues may deviate from the applicable program rating.

Variable rate demand obligations and other securities which contain a short-term 'put' or other similar demand feature will have a dual rating, such as AAA/F1+. The first rating reflects the ability to meet long-term principal and interest payments, whereas the second rating reflects the ability to honour the demand feature in full and on time.

**Interest Only:** Interest Only ratings are assigned to interest strips. These ratings do not address the possibility that a security holder might fail to recover some or all of its initial investment due to voluntary or involuntary principal repayments.

**Principal Only:** Principal Only ratings address the likelihood that a security holder will receive their initial principal investment either before or by the scheduled maturity date.

**Rate of Return:** Ratings also may be assigned to gauge the likelihood of an investor receiving a certain predetermined internal rate of return without regard to the precise timing of any cash flows.

**'PIF'**

Paid-in -Full; denotes a security that is paid-in-full, matured, called, or refinanced.

**'NR'** indicates that Fitch Ratings does not rate the issuer or issue in question.

**'Withdrawn':** A rating is withdrawn when Fitch Ratings deems the amount of information available to be inadequate for rating purposes, or when an obligation matures, is called, or refinanced, or for any other reason Fitch Ratings deems sufficient.



## GENERAL INFORMATION

1. Application has been made for Notes issued under the Programme to be (i) admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange, and/or (ii) admitted to listing and trading on Eurolist by Euronext and admitted to trading on Euronext Brussels and/or (iii) admitted to listing and trading on Eurolist by Euronext and admitted to trading on Euronext Amsterdam and/or (iv) admitted to the AIAF and/or (v) the regulated market of the GPW S.A. Application will be made to the Swiss Exchange (“**SWX**”) for Notes issued under the Programme to be admitted to listing and/or trading on SWX. Application may also be made for Notes issued under the Programme to be admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system. Notes may be issued pursuant to the Programme which will not be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange nor be admitted to listing, trading and/or quotation on any other competent authority, stock exchange and/or quotation system, or which will be admitted to listing, trading and/or quotation on such competent authority, stock exchange or quotation system as the Issuers and the relevant Dealers may agree.

2. The update of the Programme and the issue of Notes thereunder was authorised by resolutions of the Management Committee of Fortis Bank and the Boards of Directors of Fortis Luxembourg passed on 5 September 2006 and on 5 July 2006 and the guarantee of the Notes was confirmed and authorised by a resolution of the Management Committee of the Guarantor passed on 12 June 2006.

3. Each temporary Global Note, permanent Global Note, Bearer Note, Exchangeable Bearer Note, Coupon and Talon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 1 65(j) and 1287(a) of the Internal Revenue Code.”

4. Bearer Notes and Exchangeable Bearer Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Notes issued by Fortis Bank have been accepted for clearance through the book entry clearance and settlement system operated by the NBB (the “**X/N System**”). The Common Code given by the X/N System or Euroclear and Clearstream, Luxembourg, as the case may be, together with the relevant ISIN number for each Series of Notes will be set out in the relevant Final Terms.

5. The basis for any statements in this Base Prospectus made by the Issuers regarding their competitive position originate from the Issuers’ evaluation of market trends and generally reflect market views.

6. Each set of Final Terms will contain, *inter alia*, the following information in respect of the issue of Notes to which it relates:

- (i) Series No.;
- (ii) principal amount of the Notes;
- (iii) the form of the Notes;
- (iv) issue date and interest commencement date;
- (v) currency and denomination;
- (vi) maturity date/redemption month (if any);
- (vii) issue price;
- (viii) interest rate, spread, the interest period, any maximum or minimum rate of interest and all other information required to calculate interest amounts (including basis for calculating interest payable on Variable Coupon Amount Notes, if applicable);
- (ix) interest payment dates;
- (x) basis for calculating redemption amounts payable in respect of Zero Coupon Notes, Variable Redemption Amount Notes, High Interest Notes or Low Interest Notes, if applicable;
- (xi) the currencies in which payments will be made in respect of Dual Currency Notes;
- (xii) the common code given by Euroclear and Clearstream, Luxembourg and the ISIN number;
- (xiii) whether the Notes are redeemable prior to their stated maturity at the option of the Issuer or the Guarantor and/or the Noteholders and the terms relating thereto;
- (xiv) the amortisation yield in respect of Zero Coupon Notes;

- (xv) whether or not the Notes will be admitted to listing, trading and/or quotation by a competent authority stock exchange, and/or quotation system and, if so, the relevant competent authority, stock exchange and/or quotation system;
- (xvi) the name of any Stabilising Manager;
- (xvii) the rate of exchange (if any) at which the principal amount of the tranche issued has been converted into U.S. dollars;
- (xviii) whether the Guarantee is subordinated or unsubordinated;
- (xix) whether the Notes will be Subordinated Notes or not;
- (xx) the details of any additional Dealers appointed in respect of any issue of Notes;
- (xxi) details of the Calculation Agent, if any;
- (xxii) the name of the Principal Paying Agent (if not the Fiscal Agent);
- (xxiii) any additional selling restrictions;
- (xxiv) the name and specified office of the Paying Agent in France (where applicable);
- (xxv) the name of the specialist broker in France (where applicable); and
- (xxvi) any other relevant information which is not inconsistent with the Programme or the terms of the Agency Agreement.

Copies of the Final Terms relating to a Series of Notes which is to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange will be made freely available at the office of the Listing Agent in Luxembourg.

Electronic copies of the Base Prospectus or any future Base Prospectus together with any supplement thereto, as well as the relevant Final Terms relating to any Notes which are admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange will be available on its website.

7. For so long as the Programme remains in effect or any Notes remain outstanding, the following documents (together, in the case of any document not in the English language, with an English translation thereof) will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection and, in the case of paragraphs (v), (vi), and (vii) below, may be obtained free of charge, at the registered offices of the Issuers and the Guarantor, and at the office of the Fiscal Agent or, in the case of X/N Notes, the Domiciliary Agent and the Paying Agents:

- (i) the Agency Agreement (which includes the form of the Global Notes, the Definitive Notes in Bearer and Registered Form, the Guarantees, the Coupons, Receipts and Talons);
- (ii) the Distribution Agreement;
- (iii) the Deed of Covenant;
- (iv) the Memorandum and Articles of Association of the Issuers and the Guarantor;
- (v) the latest audited annual accounts of the Issuers and the Guarantor, for the years ended 31 December 2005 and 2004 together with any explanatory notes and auditors' report accompanying such accounts. The Guarantor publishes consolidated and non-consolidated accounts;
- (vi) the Final Terms relating to any Notes which are admitted to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange or admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system; and
- (vii) a copy of this Base Prospectus or any further Base Prospectus together with any supplement thereto.

Copies of the most recent interim reports of the Fortis group for the year 2006, can be obtained free of charge at Fortis Bank, Montagne du Parc 3, 1000 Brussels, telephone: +322 565 85 35 or on the website: [www.fortis.com](http://www.fortis.com).

8. The business address of all members of the Board of Directors of Fortis Luxembourg is c/o Fortis Intertrust (Luxembourg) S.A., 65, Boulevard Grande-Duchesse Charlotte L-1331, Luxembourg. The business address of all members of the Board of Directors of Fortis Bank is Montagne du Parc 3 B-1000 Brussels, Belgium.

9. The financial statements of Fortis Luxembourg for the years ended 31 December 2004 and 2005 have been audited without qualification by KPMG Audit, Société Civile, 31, Allée Scheffer, L-2520 Luxembourg. KPMG Audit, as auditor of Fortis Luxembourg, have given their written consent to the inclusion of their comfort letter on Fortis Luxembourg's cash flow statements in respect of the year ended 31 December 2004 and 2005 on page 138 of the Base Prospectus for the purposes of paragraph 16.1 of Annex IV of Regulation (EC) No. 809/2004. KPMG Audit, the auditors of Fortis Luxembourg, have no material interest in Fortis Luxembourg. As far as Fortis Luxembourg and the Guarantor is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The financial statements for the years ending 31 December 2004 and 2005 of Fortis Bank have been audited without qualification by PricewaterhouseCoopers, Réviseur d'Entreprises S.C.C., Luc Discry, Partner, Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Brussels and Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises S.C.C., represented by Virgile Nijs, Partner, Avenue du Bourget 40, B-1130 Brussels, in accordance with the laws of Belgium. All are members of *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Enterprises*.

PricewaterhouseCoopers, and Klynveld Peat Marwick Goerdeler, as auditors of Fortis Bank, have given their written consent to the inclusion of their auditors' report on Fortis Bank's cash flow statements in respect of the years ended 31 December 2004 and 2005 on page 160 of the Base Prospectus for the purposes of paragraph 13.1 of Annex XI of Regulation (EC) No. 809/2004. PricewaterhouseCoopers and Klynveld Peat Marwick Goerdeler, the auditors of Fortis Bank, have no material interest in Fortis Bank. As far as Fortis Bank is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10. The Articles of Association of Fortis Luxembourg have been amended several times since its incorporation on 24 September 1986, were last amended on 7 February 2005 and published in the "*Mémorial, Recueil Spécial des Sociétés et Associations*" on 7 March 2005. The Articles of Association of Fortis Bank have been amended several times since its incorporation and were last amended on 28 April 2005 (this amendment was published in the *Moniteur belge* on 23 May 2005, reference 05071774).

11. This Base Prospectus, the documents incorporated by reference herein and the final terms of any tranches issued under this Prospectus and admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange, will be available on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

12. Each of the Issuers do not intend to provide post-issuance information in relation to the underlying assets under paragraph 7.5 of Annex XII of Regulation (EC) No. 809/2004, except as otherwise stated in the relevant Final Terms.

13. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

**REGISTERED OFFICE OF THE ISSUERS**

**Fortis Bank nv-sa**  
Montagne du Parc 3  
B-1000 Brussels

**Fortis Luxembourg Finance S.A.**  
65, Boulevard Grande-Duchesse Charlotte  
L-1331 Luxembourg

**REGISTERED OFFICE OF THE GUARANTOR**

**Fortis Bank nv-sa**  
Montagne du Parc 3  
B-1000 Brussels

**DEALERS**

**ABN AMRO Bank N.V.**  
250 Bishopsgate  
London EC2M 4AA

**Banco Bilbao Vizcaya Argentaria, S.A.**  
Alcalá 16-4a Planta  
28014 Madrid

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

**BNP PARIBAS**  
10 Harewood Avenue  
London NW1 6AA

**CALYON**  
9 Quai du Président Paul Doumer  
92 920 Paris La Défense Cedex

**Citigroup Global  
Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Fortis Bank nv-sa**  
Montagne du Parc 3  
B-1000 Brussels

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**J.P. Morgan Securities Ltd.**  
125 London Wall  
London EC2Y 5AJ

**Lehman Brothers International (Europe)**  
25 Bank Street  
London E14 5LE

**Merrill Lynch International**  
Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ

**Société Générale**  
29 boulevard Haussmann  
75009 Paris

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP

**FISCAL AGENT, REGISTRAR, PRINCIPAL PAYING AGENT, TRANSFER AGENT  
AND CALCULATION AGENT**

**Fortis Banque Luxembourg S.A.**  
50, avenue J.F. Kennedy  
L-2951 Luxembourg

**ALTERNATIVE PRINCIPAL PAYING AGENT**

**Fortis Bank nv-sa**  
Montagne du Parc 3  
B-1000 Brussels

## PAYING AND TRANSFER AGENTS

**Fortis Bank (Nederland) N.V.**  
Rokin 55  
1012 KK Amsterdam

**Citibank, N.A.**  
5 Carmelite Street  
London EC4Y 0PA

**Fortis Banque (Suisse) S.A.**  
20, boulevard des Philosophes  
CH-1211 Geneva

### DOMICILIARY AGENT

**Fortis Bank nv-sa**  
Montagne du Parc 3  
B-1000 Brussels

### LEGAL ADVISERS

*to the Dealers*

*in respect of English law*  
**Clifford Chance**  
**Limited Liability Partnership**  
10 Upper Bank Street  
London E14 5JJ

*in respect of Belgian law*  
**Clifford Chance**  
**Limited Liability Partnership**  
Avenue Louise 65, Box 2  
1050 Brussels

*in respect of Luxembourg law*  
**Kremer Associés & Clifford Chance**  
4, place de Paris  
L-2314 Luxembourg

### AUDITORS TO FORTIS LUXEMBOURG FINANCE S.A.

**KPMG Audit**  
Société Civile  
31, Allée Scheffer  
L-2520 Luxembourg

### AUDITORS TO THE GUARANTOR

**PricewaterhouseCoopers,**  
**Réviseurs d'Entreprises S.C.C.R.L.**  
Represented by  
Luc Discry, Partner  
Woluwedal 18  
B-1932 Sint-Stevens-Woluwe  
Brussels

**Klynveld Peat Marwick Goerdeler,**  
**Réviseurs d'Entreprises S.C.R.L. Civile**  
Represented by Olivier Macq, Partner  
Avenue du Bourget 40  
B-1130 Brussels

### LUXEMBOURG LISTING AGENT

**Fortis Banque Luxembourg S.A.**  
50 avenue J.-F. Kennedy  
L-2951 Luxembourg

### BELGIAN LISTING AGENT

**Fortis Bank nv-sa**  
Montagne du Parc 3  
B-1000 Brussels

### AMSTERDAM LISTING AGENT

**Fortis Bank (Nederland) N.V.**  
Rokin 55  
1012 KK Amsterdam